UNIVERSITY OF PENNSYLVANIA

COLLECTION OF LOCAL TAXES IN PENNSYLVANIA

BLAKE EDWIN NICHOLSON

A THESIS
IN POLITICAL SCIENCE
PRESENTED TO THE FACULTY OF THE GRADUATE SCHOOL IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY

PHILADELPHIA
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FOREWORD

Convenience to taxpayers, efficiency in collection, and reasonable collection costs are three tests to be applied to administrative procedure in tax collection. This study applies these tests to the collection of local taxes in Pennsylvania.

Dr. Nicholson, who is Assistant Professor of Business Law at the University of Pennsylvania, has made this study at his own cost and on his own initiative. His recommendations and conclusions are his own.

The Department of Revenue publishes this study as a bulletin because of its inherent value. This is the most thoroughgoing study of the costs and procedure of collecting local taxes ever made in this Country. The material collected is of too great value to remain in manuscript form. We feel sure it is worthy of presentation to the public. The only cost to the Commonwealth is the cost of publication.

This study also is important because of its relation to the taxes on General Property in this State. In most parts of the State farm owners and home owners are now unduly burdened by taxes. These burdens are made greater when the procedure for collecting those taxes is either too costly, or inefficient, or inconvenient to taxpayers. The Department sends this bulletin out in the hope that it may be of service to those interested in tax legislation in this State.

Clyde L. King,
Secretary of Revenue.

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PREFACE

More than ten years have passed since the Tax Law Revision Commission appointed by Governor Sproul recommended to the Legislature that certain fundamental changes should be made in the laws relating to the collection of taxes levied for local purposes in Pennsylvania. It was proposed to revise the laws to conform to present day conditions; and to centralize tax collections in the hands of fewer collectors, —these to be paid on a salary rather than a commission basis.

Although the Legislature has failed to adopt any of the proposed changes, the system in use continues to be criticised as old-fashioned and out of date, and is frequently referred to as clumsy, complicated, inefficient, and costly. These charges, however, are vigorously denied by those who are responsible for the system and who profit by its continuance.

The purpose of this study, therefore, is to try to determine whether local taxes are collected conveniently, efficiently, and economically under the present extremely decentralized system. In order to do this it is necessary to examine not only the legal machinery set up by the Legislature but, in addition, the actual operation of the various collection systems and the results obtained thereunder.

While most of the data was collected in 1930 and 1931, much of it necessarily pertains to previous years, and especially 1927 and 1928. Official records and statistics were used whenever possible, and the information thus obtained was supplemented by data secured by means of personal interviews, questionnaires, and direct correspondence.

Certain conclusions may be drawn from the facts presented—

> First. In many places in the State, and especially in third class cities, taxes are not collected in a manner most convenient to the taxpayer. Frequently he must pay his taxes to two or three different collectors located in different parts of the taxing district. Very often each tax is payable at a different time in the year, but the payments are not arranged in such a way as to equally distribute the tax burden.
>
> Second. Taxes are not collected in an efficient manner and, even before the present depression, tax delinquency was increasing at an alarming rate all over the State. This inefficiency is due in part to the fact that the laws applicable to the different taxes not only are not uniform, but in many cases they are so conflicting and complicated that neither the taxpayer nor the collector

can understand them. The close tie-up, too, between the tax collector and local politics accounts in part for the loose and unbusiness-like methods adopted. Even after taxes become delinquent many collectors assume a passive attitude and wait for the taxpayer to voluntarily settle his account.

Third. The cost of collecting local taxes is extremely high. This is due, principally, to two things: First, the fact that there are over twenty-five hundred political sub-divisions in the State—each with at least one, if not two, or more tax collectors, with separate offices, etc.; Second, the fact that nearly all of these collectors are paid fees or commissions beyond any reasonable relation to the value of the services rendered.

As a result of the study—it is recommended that the present obsolete tax laws be replaced by a modern tax collection code, that the collection of all local taxes be centralized in the hands of one collector for each county, and that such collector be compensated on a salary basis.

The author wishes to express his appreciation to the Agricultural Experiment Station of Pennsylvania State College for defraying the traveling expenses incurred by him in gathering data throughout the State in the Summer of 1930. He also acknowledges his indebtedness to the hundreds of tax collectors and other local officials scattered over the entire State who so willingly supplied information. The invaluable services of Mr. Henry W. Van Pelt, Director of the Bureau of Statistics, Department of Internal Affairs, Harrisburg, are acknowledged with gratitude.

BLAKE E. NICHOLSON.

Philadelphia, December 1, 1931.

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CHAPTER I

INTRODUCTION

On every hand increased demands are being made on local units of government for services of every description. More and better school houses and school teachers are insisted upon; paved highways are demanded for every nook and corner in the State; modern police equipment is desired and higher salaries for policemen are deemed necessary; adequate fire protection at the hands of competent publicly paid firemen is called for; hospitals, parks, playgrounds, swimming pools, and golf courses are only some of the things every community considers essential and the taxpayers are asked to produce the necessary funds.

It is conservatively estimated that in Pennsylvania taxes levied for local purposes increased 155 per cent from 1912 to 1927. In this estimate due allowance was made for the shrinkage in the purchasing power of the dollar since the World War.[1] Within 15 years city and borough taxes increased 132 per cent, county taxes 176 per cent, and school taxes 214 per cent. During the same period State taxes increased but 93 per cent. These increases have placed an unprecedented burden on the local taxpayer and have increased both the work and the importance of the office of the tax collector.

In taking a dollar out of the pocket of the taxpayer and placing it at the disposal of the proper local authorities three distinct steps are necessary. First, assessing the value of the taxpayer's property, both real and personal; second, determining the tax rate to be charged; third, collecting the money when the taxes fall due. Each step is essential. There could be no collection without the assessment and levy and the assessment and levy, no matter how honestly and efficiently made, would be futile without a prompt, efficient, and economical collection of the money required.

In Pennsylvania duly appointed or elected local assessors determine the value of property for taxation purposes. After this is done the proper local authorities agree upon the rate to be charged for the current year's levy. Finally, the tax collectors, appointed or elected, collect the money in each community and turn it over to the proper authorities.

This study is concerned only with the third and last step mentioned above—namely—the collection of local taxes after they have been properly levied. The work of the assessors, as well as that of the tax levying authorities, present separate and special problems. To attempt to deal with all three within the scope of this report would result in the failure to treat any one of them adequately. There will be times, however, when it will be necessary to refer to certain phases of the work of the local assessor.

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[1] Leonard P. Fox, Pennsylvania State Chamber of Commerce. *Taxation and Indebtedness of Local Governments in Pennsylvania*, p. 4. 1929.

SCARCITY OF MATERIAL ON THE WORK OF THE TAX COLLECTOR.

Very little has been written concerning the work of the tax collector. Whether this is because such official has been unpopular since the time of Zacchaeus, or because his work has not been considered particularly important, or because sufficient reliable information has not been readily ascertainable, it is impossible to determine. Whatever the cause, the fact is that there is very little printed material on the subject to be found anywhere in the United States. The annual proceedings and reports of State and National tax associations, the reports of State tax commissions, etc., show that much attention is given annually throughout the country to the question of what property should be taxed, how the assessor should be selected, his proper qualifications, and methods to be employed in order to secure fair and equal assessments, but seldom, if ever, is the problem of collecting taxes given serious consideration.

The State of Pennsylvania is no exception in this regard and scarcely anything has ever been written on the subject of collecting local taxes. It has been generally assumed that the collection machinery set up a hundred years ago is suitable for present needs. Once or twice in the last ten years special tax commissions have discussed briefly the cost of collecting taxes in certain parts of the State and a few private organizations have participated in a movement to abolish local collectors paid on a commission basis, but no one has attempted to make a comprehensive study of the various phases of the tax collection problem.[2] In fact it is only since 1927 that any considerable amount of reliable data concerning the collection of local revenue has been gathered uniformly throughout the State.

LACK OF A UNIFORM COLLECTION SYSTEM IN PENNSYLVANIA.

As a rule a tax collection system is not worked out in advance and put into operation at a given time. In most cases it takes shape gradually over a long period of time and is constantly changed, at least as to the details, in order to meet changing conditions. Such is the case in regard to the system now in use in Pennsylvania. In fact Pennsylvania has never had a standard or uniform system for the collection of its local revenue but has used different methods of collection in different parts of the State and sometimes different methods at the same time in the same place to collect different kinds of taxes. Several times in the last one hundred years the Legislature has attempted to codify the laws regulating the work of the tax collector but with little success. Today, in order to ascertain the rights and duties of a local collector it is necessary to examine numerous laws, some pertaining to the collection of certain kinds of taxes, others to the type of municipality or tax district in which taxes are levied. Because of the clumsy and diversified system now in use in Pennsylvania it is necessary, before proceeding further, to acquaint the reader with certain facts concerning the different types of political subdivisions in the State.

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[2] The work done by the specially appointed Tax Commission, the Pennsylvania League of Women Voters and the Pennsylvania State Chamber of Commerce will be discussed in detail in Chapter VII.

POLITICAL SUBDIVISIONS IN THE STATE OF PENNSYLVANIA.

The State of Pennsylvania is divided for governmental purposes into counties, cities, boroughs, towns, and townships. Since 1878 there have been 67 counties. Until 1919 the General Assembly classified counties for legislative purposes without regard to any uniformity or general classification, with the result that many of the acts passed were found to be in conflict with Section 7 of Article 3 of the State Constitution prohibiting special and local legislation. In order to enable the legislature to pass laws suitable to each county a statute was enacted in 1919 classifying all counties into eight groups on the basis of population as reported by the last decennial United States Census.[3] Under this classification Philadelphia is the only county of the first class and Allegheny the only one of the second class.[4] Each county in the State, with the exception of Philadelphia, is divided into local political subdivisions such as cities, boroughs, towns, or townships. Since the City and County of Philadelphia are coterminous there are no boroughs or townships in Philadelphia County.

Thirty of the State's 67 counties contain at least one city each. These cities are divided into 4 classes, namely, first, second, second A, and third.[5] Philadelphia is the only first class city, Pittsburgh the only second class, and Scranton the only second class A. In 1930 there were 41 third class cities in the State.[6] As in the case of counties, cities are classified according to population. Townships are either first or second class. Those having a population of three hundred or more to the square mile are first class while all others are second class.[7] In 1927 there were 59 first class townships, 25 of them being located in Allegheny County. There were also 1513 second class townships in 1927. Many townships of the first class have less than three thousand population and a few less than one thousand, while many of the second class townships have a population in excess of five thousand. The town of Bloomsburg, in Columbia County, is the only officially recognized *town* in the State, having been incorporated by a special act of the Legislature in 1870. The boroughs of the State are not classified in any way and have populations ranging from a few hundred to several thousands. In 1927 there were 932 communities operating under a borough form of government.

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[3] Act of July 10, 1919, P. L. 887.

[4] A complete list of counties according to the above classification is given in Appendix A, page 301.

[5] Act of June 25, 1895. P. L. 275, as amended by Act of May 24, 1921, P. L. 1064 and Act No. 7, 1929.

[6] A complete list of cities according to the above classification is given in Appendix B, page 302 together with 1930 population figures.

SCHOOL AND POOR DISTRICTS IN PENNSYLVANIA.

Local taxes are levied not only by the various political subdivisions of the State but also by school and poor districts contained within such subdivisions.

The School Code of Pennsylvania provides that each city, incorporated town, borough, or township shall constitute a separate school district.[8] These districts are classified on a basis of population into first, second, third, and fourth class districts. Districts having a population in excess of five hundred thousand are first class districts. Those in excess of thirty thousand, or less than five hundred thousand, are second class districts. Those in excess of five thousand, but less than thirty thousand, are third class districts, and those having a population of less than five thousand are fourth class districts. The cities of Philadelphia and Pittsburgh constitute the only first class school districts in the State.

Each city, borough, or township, however, does not constitute a separate poor district. There is a total lack of uniformity in the poor laws and their administration. In 24 counties the county commissioners act as directors of the poor and no separate tax is levied for poor relief. In 27 counties a county unit system prevails and a separate poor tax is levied by authority of the board of poor directors. In a few other counties the county unit system is in operation except in so far as cities are concerned. A few counties have a township or borough system and in 9 counties a mixed city, borough, or township system is found.[9] In 1930 there were 376 separate poor tax districts in the State.

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[7] Act of July 14, 1917, P. L. 840.

[8] Act of May 18, 1911, P. L. 309, as amended. Provision is made whereby two or more municipal divisions may consolidate their school districts.

[9] Edwin D. Solenberger, "The Poor Districts of Pennsylvania," *Bulletin of the Pennsylvania League of Women Voters,* November, 1929, p. 9.

TAX LEVYING AUTHORITIES IN THE VARIOUS TAXING DISTRICTS.

Each local tax district fixes its own tax rate and levies its own taxes. The law designates the local officials who shall have authority to levy taxes and usually fixes the maximum rate that can be charged. In counties, for instance, only the county commissioners have authority to levy a tax for county purposes, and this is true whether the tax is levied on property located in a city, borough, or township of the county. A tax levied in a city or borough for city or borough purposes is levied by the city or borough council respectively. A tax levied for township purposes is levied in first class townships by officials called Township Commissioners and in second class townships by officials called Township Supervisors. The only persons authorized to levy a tax for school purposes are the members of the local school board and, of course, only the directors, managers, or overseers of the poor district have authority to levy a separate tax for poor purposes.

DEFINITION OF CERTAIN TERMS.

It is desirable at the outset to define certain words or phrases pertaining to the work of the tax collector.

Local Taxes. This study is concerned only with the collection of taxes levied by local authorities for local purposes. This includes taxes levied on real estate, personal property, occupations, money at interest, etc.; *but taxes levied for State purposes, whether collected locally, or otherwise, are not considered.* Taxes levied for county purposes are considered as local taxes. A taxpayer living in any of the political subdivisions of the State pays a tax for county purposes, another for school purposes, another for city, borough, or township purposes and, if there is a separate poor district, then a tax for poor purposes. In other words, each taxpayer pays a tax to four separate taxing districts during the year. Because four different taxes may be levied at one time in any one municipality it will be frequently necessary, for the sake of clearness, to refer to a particular tax as, "school tax in boroughs," "city tax in cities," "school tax in cities," "county tax in townships," "poor tax in boroughs," etc. Since each tax is levied by a separate and independent authority and frequently collected under entirely different laws it is essential for the reader to know which kind of tax is referred to in every instance.

Tax Duplicate. A tax duplicate is a certified copy of the assessment rolls containing the name and address of each taxable, the location and value of his property, the tax rate charged, and the total amount of money due the tax collector. This duplicate is delivered to the collector by the tax levying authorities. Attached to it is a "Warrant of Authority" which legally commands the collector to proceed with the collection according to the laws provided therefor. Sometimes the collector's warrant sets forth some of the legal remedies he is authorized to pursue. Without such warrant the collector is powerless to compel any taxpayer to pay his taxes but the mere possession of the tax duplicate is sufficient authority for the collector to receive any taxes paid voluntarily.[10]

Exonerations. A tax is said to be exonerated when the taxing authorities who make the levy excuse the collector from collecting it on the theory that it was levied by mistake, or that the taxpayer was not in a position to pay. The word is not synonymous with the words "exemption" or "abatement." The word exemption properly refers to a case where no tax was levied in the first instance, and the word abatement where a tax was levied but a reduction allowed in the amount paid due to a partial destruction of the property assessed. Sometimes, however, the word abatement has been carelessly used when the word exoneration was intended, and in a few cases the Legislature has used the word abatement when the word rebate or discount was clearly intended.

Discount and Rebate. The words discount and rebate are generally used synonymously by the taxing officials in the State. The use of either word means that a certain percentage of the tax as levied is deducted from the tax bill if the taxpayer pays before a fixed date. By "discount period" is meant the length of time taxes are payable with a discount allowed.

Penalty. A penalty is a certain fixed percentage of the tax added to the face of the tax as levied in order to penalize a taxpayer who has not paid his taxes by a certain fixed time. By "penalty period" is meant any period of time in which the tax is paid with a penalty attached.

At Face. The phrase "at face" or "face period" means a certain period of time between the discount and penalty periods when the taxpayer may pay his taxes without the benefit of a reduction or the disadvantage of an additional cost. In other words, he pays the exact amount of the tax as it was levied without receiving a discount or paying a penalty.

Delinquent Tax. Taxes are considered as delinquent when they remain unpaid at the beginning of the penalty period. In one or two places in the State taxes are not treated as delinquent until the end of the tax year for which they were levied. However, in this report the word will be applied to taxes left unpaid at the time a penalty for late payment is first incurred unless a different meaning is expressly set forth.

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[10] See Appendix C on page 303 for a copy of a school collector's warrant of authority.

PURPOSE AND SCOPE OF THIS STUDY.

Purpose.

During the past few years the system of collecting local taxes in Pennsylvania has been criticised as old-fashioned, out of date, and in need of a general overhauling. It has been called clumsy, complicated, inefficient, and costly. These charges have been vigorously denied by those who have been responsible for the system and who profit by its continuance. However, neither side has made more than a superficial attempt to present the real facts in the case. It is therefore the purpose of the present study to try to determine whether local taxes are collected *conveniently, efficiently, and economically.* In order to do this it is necessary to examine, not only the legal machinery set up by the Legislature for the collection of taxes, but, in addition, the actual operation of the various collection systems and the results obtained thereunder. While it is frequently necessary to refer specifically to certain of the present tax laws this survey is not intended as a legal study, although a study of the hodgepodge of tax laws now on the statute books might result in some good.

Attention is called to the fact that the writer makes no attempt to present an historical background or to trace the development of tax collection laws generally. To do so is thought to be impracticable for three reasons.

First, there are no reliable data available to show whether taxes were collected in an efficient and economical manner prior to 1927. Some information on costs exists for the years 1923-1927, but it is incomplete and altogether untrustworthy. Furthermore, there is absolutely no information to show how taxes were actually collected as contrasted with the way the law provided they should be collected.

Second, there has been no successful attempt on the part of the Legislature to develop a single or uniform state wide system for the collection of taxes levied for local purposes. Thousands of tax laws have been passed in the last two hundred years but hundreds of them were in the form of special or local acts pertaining to a single county or city, or to the collection of only one of the many kinds of taxes levied. In fact there has been such a lack of uniformity that even individual townships have had their own tax collection system provided by the Legislature. Since the adoption of the present Constitution in 1874 the Legislature has been prohibited from passing such special and local laws but taxes are still collected in many parts of the State under such laws enacted prior to 1874.

Third, many of the tax laws passed a hundred years ago are still in force and will be referred to in connection with the system as it operates at the present time.

In view of the above circumstances and for the purpose of this report it is deemed sufficient to say, by way of an historical background, that local taxes have always been collected by local representatives in each community in the State but under no uniform system.

SCOPE.

The scope of this study is rather broad. It attempts to present sufficient data and information to show how local taxes are actually collected in all of the counties, cities, boroughs, and townships of the State at the present time. It attempts to cover all of the important phases of the tax collector's work. It is principally a factual study. Much of the information gathered is presented in the form of tables, the majority of which are inserted, for the convenience of the reader, at appropriate places throughout the report. From time to time, and especially in the chapter on conclusions, suggestions and recommendations are made which, it is believed, would tend to improve the present system.

The following are some of the more important problems studied:

1. Methods of selecting tax collectors.
2. Bond requirements.
3. Methods of handling money collected, records, reports, etc.
4. Excessive granting of exonerations.
5. Payment of tax by mail, to banks, and on the installment plan.
6. Effect of discount and penalty schedules.
7. Special methods used in the collection of delinquent taxes:
    A. Extent of tax delinquency.
    B. Sale of personal property.
    C. Arrest of delinquent taxpayer.
    D. Sale of land.
    E. Causes of tax delinquency.
8. Cost of collecting taxes.
9. Centralized collection compared with local or decentralized collection.
10. Recent attempts to modify or abolish the present system.

The method generally followed is to present first the legal requirements relating to a given problem and then to show how the matter is actually handled and with what results. Due to diverse legal requirements it has been necessary to discuss each problem separately as it relates to the question of collecting taxes in counties, cities, boroughs, or townships, and in some cases to the collection of a particular kind of tax, such as the school tax or a tax levied for city purposes.

SOURCES OF INFORMATION.

In order to fully understand and appreciate the actual working of a tax collecting system as complicated as the one in Pennsylvania it is necessary to examine conditions in all parts of the State and not assume that since similar methods are employed in two counties or two cities that the results obtained are the same. In order to avoid making such assumptions it was necessary to secure considerable data not only from every county but from every political subdivision in the county. As to several of the important problems discussed data were obtained concerning all the 2,548 governmental divisions in the State, comprising, as they do 5,514 separate and independent taxing districts.[11] On many points, however, lack of time and money prevented the gathering of information as to every subdivision but even in these instances information was secured from several places in each of the 67 counties in the State. Official reports were relied upon in the main, but questionnaires, personal interviews, and private correspondence aided the writer very materially in gathering enough facts to show in detail how taxes are actually collected. How the information used was really gathered and from what sources is shown at this time.

Tax Statistics Compiled by the Department of Internal Affairs at Harrisburg.

For many years it has been the policy of the State to require county commissioners to furnish a limited amount of information concerning local fiscal problems to the Department of Internal Affairs at Harrisburg. In order to increase the Department's authority in such matters, a law was passed in 1919 which provides as follows:

> "That in addition to the statistics and information required by existing laws to be furnished to the Secretary of Internal Affairs by county commissioners, relating to the collection and assessment of taxes for local purposes, the county commissioners of the several counties and all local collectors and assessors of taxes for local purposes shall hereafter furnish to the State Secretary of Internal Affairs, or his representatives, any and all other statistics and information relating to the collection and assessment of such taxes as may be demanded by him; the same to be furnished by such means and in such forms as he may prescribe.[12]

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[11] Number of divisions and taxing districts in 1927. These figures change slightly every year.

[12] Act of May 23, 1919, P. L. 239.

Prior to the above Act many of the county commissioners experienced difficulty in supplying the information desired at Harrisburg because some of the local collectors and assessors refused to furnish them with the necessary data. The Act of 1919 sought to remedy this by placing all local tax collectors and assessors under a legal duty to provide the information required. During the period between 1919 and 1927 the State officials received considerable data pertaining to local taxes but their value was greatly impaired by the fact that they were incomplete and not gathered on a comparable basis. Since 1927 more care has been taken to see that the proper authorities in each taxing district not only return the full and complete facts to the county commissioners, but that such facts are returned and recorded in a uniform manner.

Annually, since 1927, information has been collected separately for each kind of tax levied in every city, borough, town, and township to show:

1. Total taxes levied each year.
2. Exonerations allowed.
3. Taxes collected during the discount or rebate period.
4. Taxes collected at face.
5. Taxes collected after the penalty period but before the end of the year.
6. Taxes collected due from prior years.
7. Total taxes collected during the year.
8. Amount of current taxes uncollected at the end of the year.
9. Amount deducted by way of discount.
10. Penalties imposed on taxes collected delinquent.
11. Commissions paid to tax collectors on taxes collected prior to the penalty period.
12. Commissions paid to tax collectors on taxes collected after the penalty period.
13. Total commissions paid to collectors.

The responsibility for the collection of such local tax statistics as indicated above has been placed on the Bureau of Statistics in the Department of Internal Affairs. This Bureau determines what information is desired and in what form it shall be furnished. The Bureau supplies the county commissioners with a detailed questionnaire which such commissioners mail to each local tax collector in the county. A separate questionnaire is furnished for each kind of tax collected so that the collecter can report the facts for each tax separately and thereby keep the data separate and distinct from the beginning.[13]

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[13] See Appendix D on page 304 for a copy of the questionnaire sent to the county commissioners and distributed by them to the local collectors.

After a questionnaire has been filled out by the collector he certifies that the facts in it are correct, to the best of his knowledge and belief, and mails it to the clerk of the county commissioners. It is then the duty of the county commissioners to tabulate such data on forms furnished by the Bureau of Statistics and return the forms to Harrisburg. It sometimes happens that the local collectors do not send in the proper figures and it is necessary for some agent of the Bureau of Statistics to investigate the matter and, if possible, assist in ascertaining the correct amounts. Sometimes, too, the county commissioners do not tabulate the data correctly and a representative of the Harrisburg office makes a visit to the county in question and offers his assistance. In short, every reasonable effort is made by the State authorities to secure complete and reliable tax statistics. In the majority of cases the local collectors and the county commissioners cooperate one hundred per cent. Full cooperation is lacking in some cases, however, because some of the local officials resent the fact that the Legislature has placed this extra burden on them without increasing their compensation.

When the Bureau of Statistics receives the forms from the county authorities each item of information contained therein is carefully checked and if any errors are discovered the form in question is returned for correction. After final reports are received from all the counties the Bureau prepares certain large tables or sheets which show in detail the figures for each political subdivision in the State. Such sheets are prepared for each county separately. Sometimes tables are also prepared showing grand totals for the State. Unfortunately the State has not seen fit to publish these figures, although photostatic copies of the above described sheets are preserved and are on file in the Bureau of Statistics.

Wherever in this report figures are shown, which pertain to any of the 13 points enumerated on page 12 such figures were taken from these record sheets at Harrisburg, unless some other source is specifically mentioned. In fact this study could not have been made without the splendid cooperation received from the Bureau of Statistics. A complete set (covering all 67 counties) of photostatic sheets for the years 1927 and 1928 were loaned to the writer from which to secure the desired data. When the work was begun reliable figures existed for 1927 only and such figures have been used extensively throughout the report. Later on, when the statistics for 1928 were prepared by the authorities at Harrisburg, the writer was informed of that fact and those figures too were obtained and used to a considerable extent.

Since the facts as cómpiled by the Bureau of Statistics are recorded separately for each political subdivision and for each kind of tax levied therein, it was necessary for the writer to reassemble the figures in order to show, for instance, the total school taxes levied in all the boroughs of a county; or the total commissions paid for the collection of county taxes in all the boroughs or townships of a county; or the amount of penalties collected on poor taxes in the third class cities of a county;, etc. The thousands of percentage figures shown throughout the study were worked out by the writer with the aid of a calculating machine and were not, in any instance, prepared by the Bureau of Statistics at Harrisburg.

Since there are over twenty-five hundred political subdivisions in the State it is impracticable to try to present the facts for each one separately. Detailed figures are given, but the boroughs in a county are treated as a unit and all townships as another unit. If, for instance, in a certain county there are 11 boroughs and 21 townships, the facts concerning the collection of school taxes in all 11 boroughs are considered together, likewise those pertaining to county taxes in the 11 boroughs, etc. The same method is then followed as to the 21 townships. As a result the reader sees, for instance, the total amount of school taxes collected in all of the 11 boroughs or 21 townships and not the amount collected in any one borough or township. While this has been the general plan followed there are several instances where the facts pertaining to certain points are shown for individual boroughs and townships.

PERSONAL INTERVIEWS.

Although the statistical data gathered by the Department of Internal Affairs cover a broad field, they do not cover all the important phases of the tax collecor's work. Additional facts were therefore sought by means of personal interviews and questionnaires on the following points:

1. Kinds of taxes collected by each collector.
2. Whether collector is paid a salary or commission.
3. Whether the different taxes collected by the same collector are collected at the same time.
4. Whether taxes are payable on installments.
5. What percentage of taxes are paid by mail.
6. Whether taxes are payable directly to banks.
7. How long collectors hold the money before turning it over to the proper authorities.
8. Sum for which collector is bonded—who pays premiums, etc.
9. Reasons for granting exonerations.
10. Percentage of taxes collected during discount period—face period—penalty period.
11. Number of sales of either personal or real property in order to collect taxes.

12. Number of cases of arrests.
13. Causes of delinquency.
14. Number of employes working in tax office.
15. What items of expense are paid personally by the collector.
16. Other miscellaneous points.

In order to secure as full and reliable answers to as many of the above questions as possible, the writer in 1930 made a personal visit to 38 of the 44 cities of the State.[14] Several weeks were consumed in covering every section of the State. The tax collector, or collectors, in each city were interviewed and the information recorded at once on a prepared form. In some cities three separate tax offices were visited. In a few cases a collector was ill or out of town and the information was obtained from his assistant or clerk. Where complete answers could not be obtained in such manner, a questionnaire was later sent to the regular collector and in all but one case the desired information, in so far as the collector was able to furnish it, was supplied within a short time.

In 21 of the cities the writer also visited the County Court House and interviewed the County Treasurer, and sometimes the County Controller, or the assistants of either. Information as to the number of tax liens filed and the number of pieces of real estate sold was sought from such officials. At the same time recent county treasurers and controllers' reports were obtained if possible.

On many of the visits the writer had an opportunity to observe the tax collector at work and frequently talked to taxpayers who were in the office waiting to pay their taxes. Many of the collectors took considerable interest in the writer's visit and showed him around the office and explained in some detail how the money was handled, the records kept, etc. A majority of the men interviewed gave their answers freely and often volunteered information not requested. A few, however, cut their replies as short as possible and volunteered nothing. A few, too, gave answers in confidence on questions touching the cost of operating their offices. That confidence is respected.

In this connection the writer wishes to emphasize the fact that when any phase of the work of collecting taxes is criticized in this study no reflection is intended on any individual. The criticism is aimed at the system as it is permitted to operate and not at any individual who happens temporarily to be in charge of the work.

QUESTIONNAIRES.

Information concerning the collection of taxes in boroughs and townships was sought by means of a questionnaire except in about 20 cases where the writer was able to interview local collectors residing in suburbs of some of the cities visited. A questionnaire containing altogether about 50 questions, including the 16 enumerated above, was sent to certain collectors in every county of the State.[15] The Department of Internal Affairs again came to the writer's assistance by supplying the names and addresses of over 2,500 borough and township collectors.

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[14] Facts were obtained from two of the remaining six cities by questionnaires.

Fifteen hundred questionnaires were prepared and mailed by the writer, with a self-addressed stamped envelope enclosed. In order to secure representative data a certain number of questionnaires were sent to boroughs and townships located in every section of every county. Care was also taken to see that both small and large communities were reached. At first letters were sent to about one thousand boroughs and townships scattered throughout the 66 counties containing such political subdivisions. At the end of two months 341 replies had been received. Since each questionnaire was numbered in order to identify the borough or township and county from which it was received it was possible to ascertain what part of each county had not been heard from. After this was done a second lot of five hundred letters were sent and these were so distributed as to go to the collectors living in the sections of the counties not previously reported. In no case was a questionnaire sent the second time to the same collector. After several months 179 additional replies were received. Also about 70 questionnaires were returned unanswered with the statement that the collector was dead, or had resigned, or that he was too inexperienced to answer.

In all, 520 returns contained the data asked for but not all of the collectors answered every question. Many answered only about half, a few less than a dozen questions. Some collectors let the writer know that they considered the sending of the questionnaire an impertinence and as many as 5 or 6 returned the letter with comments unfit to print. However, considering the fact that the questionnaire was very long and that it was numbered, and the further fact that local collectors have been under fire for some time, it is surprising that over 30 per cent of the letters were favorably returned.

Several other questionnaires containing fewer questions were sent to county treasurers, clerks to county commissioners, and other local officials. Information here sought generally referred to the filing of tax liens or the sale of real estate for delinquent taxes. Replies were received from the majority of the counties but not in some cases until the writer made the third written request. A few county officials offered to send the information requested if the writer would forward a specific sum of money to pay some clerk for copying the data from the official records.

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[15] See Appendix E, page 305 for a copy of this questionnaire.

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CHAPTER II

SELECTION OF TAX COLLECTOR AND REGULATION OF TAX OFFICE

It is the purpose of this chapter to acquaint the reader with the tax collector, his election or appointment, his qualifications, and his duties in connection with the collection of local revenue. The tax office and the way it is conducted is discussed, but a consideration of the various methods actually used to collect taxes is reserved for subsequent chapters.

All local collectors are not selected in the same manner, nor do they serve for the same length of time. Some collect all local taxes levied in their communities, while others collect only one, or maybe two, of the different taxes assessed. As a rule, all are required to furnish a bond for the faithful performance of their duties and to make reports to the proper authorities from time to time. Since many of such requirements are not the same for all collectors, it is necessary to consider them as they apply to each collector in each kind and class of municipality in the State.

METHODS OF SELECTING TAX COLLECTORS AND THEIR TERM OF OFFICE.

In the Cities of Philadelphia, Pittsburgh, and Scranton.

In the City of Philadelphia city[1] and school[2] taxes are collected through the Department of Receiver of Taxes which is in charge of an officer know officially as the "Receiver of Taxes" who is elected by the people for a term of four years. No county or poor tax is levied separately in the City except in five independent poor wards where a special poor tax is collected by special collectors.[3]

In the City of Pittsburgh city and school taxes are collected through the office of the City Treasurer.[4] The City Treasurer is appointed by the Mayor and serves until his successor is duly appointed and qualified. City Council may appoint the City Treasurer to serve as the collector of delinquent taxes. County taxes levied in the City are collected by the County Treasurer and his assistants.[5]

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[1] Article XV of an Act approved June 25, 1919, P. L. 581.

[2] Authority to collect school taxes contained in Section 527 of the School Code, Act of May 18, 1911, P. L. 309.

[3] Authority for such collection conferred by Section 18 of the Act of February 2, 1854, P. L. 21.

[4] Section 3, Act of July 20, 1917, P. L. 1173, covers City taxes and Section 527 of the Act of May 18, 1911, P. L. 309 covers school taxes.

Until 1919 the City of Scranton had four separate tax collectors functioning at the same time. The city tax was collected by the City Treasurer, the county tax by an appointee of the County Commissioners, the school tax by separate collectors selected by the School Board and the poor tax by a collector designated by the Board of Directors of the Scranton Poor District. With the exception of the City Treasurer these collectors were usually given one year appointments, but in many cases the same men were reappointed from time to time.

The inconvenience and confusion caused the taxpayer, together with the high cost of collecting taxes through four separate offices, influenced the Legislature, in 1929, to enact a law creating an entirely new office—that of Tax Collector. The new law provides that the Tax Collector shall be elected in the same manner, at the same time, for the same term, and that he shall take office at the same time as the Mayor of the City under existing laws.[6]

The taxes this collector is authorized to collect are described as follows:

> ''Said collector shall be charged with the duty of collecting all city, county, school, and poor taxes collectible within the territorial limits of cities of the second class A. The proper authorities of the city, county, school district and poor district shall promptly turn over to said collector their respective tax duplicates, covering taxes collectible within such territorial limits, as provided by law.''[7]

Provision is made whereby a board consisting of the chairman of the board of county commissioners, the mayor of the city, and the president of the board of school directors shall fill any temporary vacancy by appointment. Such appointee holds office until a successor to serve for the unexpired term has been elected at the next municipal election.[8]

The first collector under the new law was elected in 1929 and took office January 1, 1930. While it seems clear from the wording of Section 2 that the Legislature intended to create a single tax office where all local taxes levied within the cities of the second class A would be collected, yet the poor authorities for the City of Scranton refused to turn over their duplicate to the new collector and for the year 1930 collected the poor taxes as theretofore.[9]

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[5] See Section 20 of the Act of May 1, 1861, P. L. 454.

[6] Section 1, Act No. 510, *Pennsylvania Laws,* 1929.

[7] *Ibid.,* Section 2.

[8] *Ibid.,* Section 11.

[9] In 1931 the State Supreme Court upheld the constitutionality of the law under consideration and the Scranton Poor District will now be compelled to comply with Section 2 as above quoted.

TAX COLLECTORS IN CITIES OF THE THIRD CLASS.

The election or appointment of tax collectors in cities of the third class is not governed by any one law. It is therefore necessary to examine somewhat in detail, not only the laws pertaining to cities of the third class, but separate laws providing for the collection of school and county taxes in third class cities. In the last fifteen years there has been considerable litigation on the question as to who is the legally authorized person to collect the various taxes levied in such cities. Much of the difficulty has arisen because of a conflict between the law of 1901 concerning the collecting of taxes in third class cities and the School Code of 1911, or because of conflict between these two laws and local and special statutes enacted prior to the present Constitution.

The Act of 1901, as amended by the Legislature in 1917, provides:

> "That the several city treasurers, hereafter elected or appointed in cities of the third class of this Commonwealth, by virtue of their office, shall be the collectors of the city, school and poor taxes, assessed or levied in their respective cities by the proper authorities therein."[10]

The authority of the City Treasurer to collect city taxes under the above law has never been seriously questioned. Certain poor districts, however, located within the territorial limits of third class cities, and operating under local statutes, have attempted to appoint separate and independent collectors of poor taxes. The courts in these cases have uniformly held that, unless the local statute specifically confers the power of appointing a tax collector on the poor district, the City Treasurer cannot be deprived of the right to collect such taxes.[11]

Sections 547 and 560 of the School Code have presented serious questions concerning the right of the City Treasurer to collect school taxes in cities of the third class. The first of these two sections provides that the board of school directors in any school district of the second, third, or fourth class may appoint a collector of school taxes (1) where a tax collector is not elected to collect school taxes, (2) where a vacancy occurs in the office of tax collector, (3) where any tax collector refuses to qualify or furnish a bond as required by the School Code. Section 560 of the Code provides as follows:

> "In all school districts of the second, third and fourth class, no tax collector shall be re-appointed, or be authorized to collect any school taxes in any school year, unless he shall have first settled his duplicate in full with the board of school directors for the preceding year, in the manner herein provided."[12]

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[10] Section 1, Act of May 29, 1917, P. L. 315.

[11] See, for instance, *Mundy v. Gaertner*, 20 Luz. 213, 1920.

[12] Act of May 18, 1911, P. L. 309, as amended.

Acting under the authority conferred by these two sections of the law many school boards have appointed separate collectors of school taxes. In some of these cases the City Treasurer did not legally contest such appointment but was content to collect city taxes only. In several instances, however, the legality of the appointment was carried to the courts. In the case of *Commonwealth v. Titusville School District*[13] the court held that Section 560 of the School Code did not apply to a tax collector regularly elected by the voters (in this case the City Treasurer) but only to one appointed by the School Board under authority of Section 547. In other words the school authorities were held not to have the power to appoint a separate collector merely because the regular collector had not settled his last year's duplicate. In the case of *Black v. School District of the Borough of Duquesne*[14] the Supreme Court decided that the school authorities could not appoint a separate and independent tax collector if the City Treasurer was duly elected and offered to qualify as collector of school taxes by furnishing a bond as required by the School Code. In spite of these decisions there are several third class cities in which the City Treasurer does not collect school taxes.

It should be noted in this connection that while the law of 1901, previously referred to, authorizes the City Treasurer in question to collect the school tax, as well as the city tax, the law has never been construed as being mandatory on him so far as the collection of the school tax is concerned. He may refuse to collect the school tax thereby forcing the school board to appoint its own collector. This has occurred several times and usually for the reason that the school board reduced the fee paid for the collection of school taxes.

The collection of county taxes in cities of the third class presents still another problem. Section 17 of the Act of April 15, 1834,[15] provides that it shall be the duty of every assessor once a year to return the names of two respectable citizens of his ward to the county commissioners, one of whom shall be appointed by the commissioners as collector of county taxes. In 1856[16] the law was changed so that the county commissioners were not required to appoint one of the two men selected by the assessor but could appoint any one they saw fit. By 1862 the Act of 1856 had been repealed in so far as it applied to the Counties of Adams, Fayette, Luzerne, Westmoreland, and York. In the rest of the State, county taxes were received by the collectors appointed by the county commissioners under the above law until 1889. By an Act passed April 10[17] of that year the commissioners of counties containing cities of the third class were given the power to appoint one person as collector of State and county taxes for one or more wards in such cities. Such collector was given full power to collect State and county taxes in any ward of the city whether a resident of the ward or not, so long as he was a bona fide resident of the city in which he collected.[18]

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[13] 41 Pa. C. C. 292.

[14] 239 Pa. 96.

[15] P. L. 509.

[16] Act of February 1, 1856, P. L. 13.

[17] Act of April 10, 1899, P. L. 34.

The provisions of the law enacted in 1899 were not mandatory on the county commissioners and many of them continued to appoint separate collectors for each ward in a city. In fact the county solicitor of at least one county—Dauphin—rendered an opinion that under the Act of 1899 the commissioners were compelled to appoint a separate collector for each ward in a city.[19] In order to remove any doubt on this question the Legislature in 1925[20] passed another bill which in part provides:

> "That in lieu of the system for the collection of State and county taxes in cities of the third class now provided for by law, the county commissioners of any county of the third, fourth, fifth, sixth, seventh, and eighth classes containing any city or cities of the third class, may appoint one person as collector of State and county taxes in each of such cities of the third class situate in their respective counties. Any tax collector so appointed shall be a resident of the city for which he was appointed. He shall have full power to collect State and county taxes in any of the wards of said city ...."

That there might not be any doubt as to the purpose of this law another section provides as follows:

> "It is the true meaning and intent of this Act that it shall not repeal any existing law providing for the appointment and compensation of tax collectors, but shall be an alternate system for the collectors of State and county taxes, to be used in lieu of the existing system, at the discretion of the county commissioners of each individual county where State and county taxes are now collected, in cities of the third class, by collectors appointed by the county commissioners."[21]

The county commissioners of several counties, acting under authority of the laws of 1899 and 1925, have appointed a single collector of county taxes in the cities of the third class in their counties. Sometimes they have appointed the county treasurer, where such officer is located in a third class city, sometimes the city treasurer, but in most cases they have appointed some one not holding any other public office. The appointments have usually been for one year only, but the practice has been to make at least one reappointment. In a few cities the same collector has received the appointment for several years in succession.

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[18] *Ibid.*, Section 2.

[19] Letter dated February 11, 1931, from John H. Fertig, Director of Pennsylvania Legislative Reference Bureau.

[20] Act of March 26, 1925, P. L. 69.

[21] *Ibid.*, Section 3.

County taxes are collected in a few cities under local statutes enacted prior to the present Constitution. Since 1851 at least 21[22] counties have had special laws passed whereby all county taxes in any part of the county are collected by the county treasurer until they became delinquent and then by local collectors appointed by the county treasurer in the various cities, boroughs, and townships of the county. One by one these local acts have been repealed so that today the county treasurer collects the county tax in the first instance in only the following 10 counties: Allegheny, Beaver, Bedford, Bucks,[23] Chester, Fulton, Greene, Huntingdon, Lawrence, and Washington.

In 1929 the Legislature passed a law applying to second class counties only, (Allegheny County) whereby the county treasurer, his deputy or agent, is authorized to sit personally in any municipality in the county for the purpose of receiving county taxes.[24] Everything is left to the discretion of the county treasurer and if such meetings are held he fixes the time and place. All expenses connected with such collection of taxes are to be paid for out of county funds. This Act merely supplements the local or special Act of 1861 which designated the county treasurer collector of all county taxes in Allegheny County.[25]

NUMBER OF TAX COLLECTORS IN THE SEVERAL THIRD CLASS CITIES IN 1930.

Under existing laws the number of individual collectors in a third class city may vary from year to year. The number of such collectors holding office for the year 1930 is here presented.

In the cities of Altoona, Corry, Greensburg, Monessen, Pittston, Pottsville, Sharon, and Sunbury, a single collector; the City Treasurer collected local taxes of every description. This was the first time that one man collected all taxes in the City of Corry since 1925.

In the cities of Butler, Carbondale, Connellsville, DuBois, Harrisburg, Hazleton, Johnstown, Lancaster, Uniontown, Wilkes-Barre, and Williamsport, the City Treasurer collected city and school taxes and a separate collector appointed by the county commissioners collected county taxes together with poor taxes where the latter were levied by county authority and not by an independent poor district within the city. In the City of Carbondale poor taxes were collected by a third man, the City Treasurer having refused to collect them. In the City of Connellsville all local taxes had been collected by one man from 1925 to 1929. For several years prior to 1926 a single collector received all taxes in the City of DuBois but by 1927 there was a separate collector for each of the three taxes levied.

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[22] Allegheny, Armstrong, Beaver, Bedford, Bucks, Cambria, Chester, Crawford, Cumberland, Erie, Franklin, Fulton, Greene, Huntingdon, Indiana, Jefferson, Lawrence, Mercer, Montgomery, Venango and Washington Counties. See *Taxation in Pennsylvania*, by Frank M. Eastman, Vol. 1, p. 165, for the dates of many of these local statutes.

[23] Law applying to Bucks County repealed by Act No. 237, approved June 22, 1931.

[24] Act of April 3, 1929, P. L. 134.

[25] Section 20, Act of May 1, 1861, P. L. 454.

In the cities of Allentown, Erie, and Reading, the City Treasurer collected the city taxes, a separate school collector, the school taxes, and an appointee of the county commissioners, the county taxes. Until 1928 in both Allentown and Erie the county taxes had been collected by ward collectors. In Reading the county taxes have been collected by a single collector since 1925.

In the City of Easton, city taxes were collected by the City Treasurer, the school taxes by a collector appointed by the School Board and the county taxes by ward collectors appointed by the county commissioners. In this City the City Treasurer refused to collect the school taxes.

In the cities of Bethlehem, Franklin, Lebanon, Lock Haven, Meadville, Oil City, Titusville, and York, the City Treasurer collected the city and school taxes and the county taxes were collected by ward collectors appointed by the county commissioners. In some of these cities there was a collector appointed for each ward, while in others one collector had charge of more than one ward.

In the cities of Clairton, Duquesne, McKeesport, Monongahela, New Castle, and Washington, the City Treasurer collected city and school taxes and the county treasurer collected county taxes by authority of the local laws previously referred to. In some of these cities the City Treasurer collected the county tax after it became delinquent.

In referring to third class cities as a group it can be said that two tendencies are distinctly noticeable at the present time. First, the abolition of the ward system in favor of a single collector of county taxes for each city. At least 10 cities have made this change within the last 7 years. Second, the consolidation of all local tax collections in the hands of the City Treasurer. In 1930 there were 8 third class cities where all taxes were received by one collector. This number could be considerably increased at any time if the county commissioners of certain counties could only see fit to appoint the City Treasurer the collector of county taxes. In many cases, however, appointments are made because of local political considerations and rarely are the merits of a good tax collecting system permitted to influence the decision.

TAX COLLECTORS IN BOROUGHS.

As late as 1924, 27 boroughs out of 40, with a population of over 10,000 inhabitants had two tax collectors. As a rule one collected county taxes, the other borough and school taxes. In some cases there was a separate school tax collector appointed by the school board. Poor taxes were collected in some instances by the borough tax collector and in others by the collector of county taxes. A like situation existed in many of the smaller boroughs throughout the State.

In the hope of bringing about some uniformity in borough government, the Legislature, in 1927, passed "The General Borough Act." This Act provides in considerable detail for the collection of taxes within the boroughs of the State. Two sections of this Act are of interest at this time.[26] Section 850 reads as follows:

> "The qualified voters of every borough shall, at the municipal election in the year one thousand nine hundred and twenty-nine, and every four years thereafter, vote for and elect one properly qualified person as tax collector of the borough."

While the law does not set forth the qualifications referred to, it does define the powers and duties of such elected collector as follows:

> "The tax collector shall be the collector of all State, county, borough, school, poor, and other taxes, levied within the borough by the authorities empowered to levy taxes. He shall, in addition to the powers, authority, duties, and responsibilities, provided for by this Act, have all the powers, perform all the duties, and be subject to all the obligations and responsibilities, for the collection of such taxes, as are now vested in, conferred upon or imposed upon tax collectors for county purposes."[27]

It would seem clear that the intention of the Legislature was to adopt the policy of having only one tax collector who would collect all local taxes in a borough, including the county tax. There are, however, over two hundred boroughs at least which are not governed by "The General Borough Act" so far as the collection of taxes is concerned. The Act specifically provides that it shall not annul or repeal any local or special act in force in 1927 and shall not apply to boroughs which have been incorporated by special acts of the Assembly. This excludes from the operation of the law, so far as county taxes are concerned, the 10 counties previously referred to where the county treasurer collects taxes levied for county purposes.

TAX COLLECTORS IN TOWNSHIPS.

Section 115 of the General Township Act passed in 1917 as amended by Section 1 of an Act adopted in 1927[28] provides that in every township of the first class there shall be elected at the municipal election a Township Treasurer who shall hold office for a term of four years. Section 274 of this Act[29] designates the Township Treasurer as Tax Collector. The section in part reads as follows:

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[26] Act of May 4, 1927, P. L. 519.
[27] *Ibid.*, Section 1080.
[28] Act of May 13, 1927, P. L. 1001.

> "The Township Treasurer in Townships of the first class, by virtue of his office as treasurer, shall be tax collector. He shall collect all State, county, township, school, poor, and other taxes, within such township of the first class, levied by authorities empowered to levy taxes. - - - - It is the purpose and intent of this section that no taxes shall be collected in any township of the first class except by the treasurer of the township."

The last sentence in the section just quoted has not been construed by the local authorities in Allegheny County in such a way as to prevent the county treasurer from collecting county taxes levied in the first class township of the county. It is rather significant to note in this connection that of the 59 first class townships existing in 1927, 25 of them were located in Allegheny County where the Act of 1917 has been entirely ignored by the county authorities. On the other hand, in Beaver County, another of the 10 counties collecting county taxes under local laws, an entirely different view of section 274 has been taken. There are two first class townships in Beaver County and the township treasurer in both townships is permitted to collect county taxes. This is certainly what the Legislature intended by Section 274. Washington, the only other county of the group of 10 to have a first class township, adopted the same interpretation as Beaver County. In 1929 the State Supreme Court in the case of *Commonwealth* v. *Kline* decided that in Coal Township (first class) in Northumberland County the township treasurer was the only proper person to collect county taxes and that an appointee of the county treasurer or county commissioners was without any authority in the matter.[30] In spite of this decision the township treasurer in the first class townships of Allegheny County were not permitted, in 1930, to collect the county tax.

Prior to the passage of the present township law many first class townships had two tax collectors and some had three. At the present time, with the exception of Allegheny County, all local taxes collected from taxpayers living in such townships are collected by the township treasurer.

Section 170 of the General Township Act provides that every second class township in the State shall elect an officer known as Tax Collector who shall be elected for a term of four years. Section 365 of the Act provides that such township tax collector shall collect all

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[29] Act of July 14, 1917, P. L. 840.

[30] 294 Pa. 562 (1929) Same result was reached as to the collection of poor taxes in 294 Pa. 269 (1929).

State, county, township, school, poor, and any other taxes levied within the township.[31] However, there is no provision applying to townships of the second class which expressly provides, as does the last sentence in Section 274 in regard to first class townships, that in every event all taxes must be collected by the same collector. Therefore, county taxes are legally collected by the county treasurer in all second class townships in the 10 counties operating under local laws.

QUALIFICATIONS OF TAX COLLECTORS.

The numerous laws pertaining to the election of tax collectors do not specify that they shall possess any particular qualifications for the office. It is generally assumed that any one elected is capable of handling money and keeping books. The Borough and Township Codes require that the tax collector and treasurer shall, before entering upon the duties of the office, take and subscribe an oath of office and file the same in the office of the Court of Quarter Sessions. Usually, too, it is required that the tax collector be a resident and qualified voter of the district in which he collects. The Borough Code goes so far as to require that the voters elect one "properly qualified person" as tax collector, but no specific qualifications are set forth in the law. The nearest approach to special qualifications is found in the case of the city treasurer in third class cities. The Clark Act as amended in 1919[32] provides that "The City Treasurer shall be a competent accountant and shall have been a resident of the City and an elector thereof for at least three years previous to his election." As a general thing the requirements of this provision have been complied with. Where political considerations have prevented the election of a competent accountant, the treasurer elected has, in most cases, secured the services of an accountant as an assistant.

It is in the smaller boroughs and townships where cases of inability to keep the tax books in proper order are most frequently found. Many of these small districts do not possess a competent accountant, or even an ordinary bookkeeper who would be interested in taking over the work of the tax collector. Here, tax collecting is a part time job and the work of keeping the books put off from time to time until the county or local authorities demand an accounting. Quite frequently, too, more than one person "works" on the books, as where the collector's wife or children make entries during his absence. In numerous cases, however, the collector is a real estate agent, an insurance broker, a store keeper, or a bank clerk and is fairly familiar with the handling of small sums of money and the keeping of simple records.

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[31] Act of July 14, 1917, P. L. 840.

[32] Section 2, Act of July 10, 1919, P. L. 903.

TENDENCY TO REAPPOINT OR REELECT TAX COLLECTORS.

With the exception of tax collectors appointed by the county commissioners or school boards, all are assured of at least a term of four years. In some parts of the State, and especially in the small townships and boroughs, the tendency is to keep the same collector for a considerable period of time. Altogether, 407 borough and township collectors answered the writer's inquiry as to the number of years they had served as collector of taxes. One hundred and eighty-six had served less than 4 years; 136 from 5 to 10 years; 64 from 11 to 20 years; 11 from 21 to 30 years, and 10 from 31 to 40 years. In cities of the third class 38 collectors answered the questions. Twenty served less than 4 years; 11 from 5 to 10 years, and 7 from 11 to 19 years.

BOND REQUIREMENTS.

Since tax collectors and their assistants handle large sums of money belonging to the local units of government, it is necessary to bond them in order to safeguard the interest of the tax paying public. There is necessarily a short period of time between the collecting of the money by the tax collector and his turning it over to the proper authorities for safe keeping. Whether this period has been fixed at a week, a month, or a year, there has always been some kind of a bond, or other security required of each collector. Sometimes the bond merely requires that all money collected be turned over to the local authorities upon request, or before the expiration of a certain time, but in other cases the bond actually obligates the collector to collect all the taxes listed in his duplicate. The laws pertaining to the several types of political subdivisions are not the same in many respects concerning bond requirements of tax collectors, and it is therefore necessary to refer to the appropriate statute in each case.

BOND REQUIREMENTS IN PHILADELPHIA, PITTSBURGH, AND SCRANTON.

In Philadelphia all employees of the Department of Receiver of Taxes are required to furnish a bond whether their duties actually require them to handle any of the money as it comes into the tax office or not. The Receiver of Taxes, in addition, furnishes an annual bond in the amount of $100,000.[33] The bonds referred to here merely guarantee that the money actually received by the tax department will be turned over safely to the City Treasurer. There is no obligation in the bond that the collector, or his assistants, agree to collect all the taxes appearing on the city and school duplicates.

In the City of Pittsburgh the City Treasurer, as tax collector, furnishes a bond in the amount of $100,000, and a separate bond of

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[33] Information received from Deputy Receiver of Taxes.

$50,000 as collector of school taxes. As collector of delinquent taxes City Council may require an additional bond. The County Treasurer, who collects county taxes in the City of Pittsburgh, is bonded in favor of the County of Allegheny.[34]

The Act passed in 1929 creating a separate and independent office of tax collector in cities of the second class A (Scranton) provides that the collector of taxes shall furnish a suitable bond for the faithful performance of his duties. The law requires that a new bond be secured by the First day of January of each year. The collector is required to file such bond with the City Controller who is prohibited from surrendering it except to his successor in office, or in case of full payment where there has been a breach of one of its conditions. The bond is required to be in the amount of one hundred thousand dollars ($100,000) and to be drawn in favor of the Commonwealth "for the benefit of the interested municipal corporations." Such corporations are defined in the Act so as to include cities, counties, school districts, and poor districts. The bond is conditioned on the collector's faithfully performing his duties for the ensuing year. The surety on the bond must be approved by the Court of Common Pleas of the county in which the city of the second class A is located.[35]

BOND REQUIREMENTS IN THIRD CLASS CITIES.

The problem of the tax collector's bond in cities of the third class is somewhat complicated due to the fact that some cities have one collector, some two, and several three or more. The problem is made more difficult by the fact that the School Code contains separate and additional requirements concerning the bonds of school tax collectors. A city treasurer who collects the county tax in addition to city and school, usually finds that he must furnish three separate bonds to cover all of his collections.

The law pertaining to cities of the third class requires that the city treasurer, before entering upon his duties as collector of taxes, shall give a bond "in the usual form" to each of the tax levying authorities for whom he collects taxes. The amount of the bond is to be fixed by each of the tax levying authorities and is conditioned that the city treasurer as tax collector "shall well and truly collect and pay over or account for, according to law, the whole amount of the taxes charged and assessed in the duplicates which shall be delivered to him during his term of office.''[36] If the bond or bonds required are not furnished by a corporate bonding company there must be at least two sufficient sureties who sign them and these sureties must be approved by the authorities levying the taxes.

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[34] The amount of this bond could not be ascertained.

[35] Section 3, Act of May 8, 1929, P. L. 1643.

NOTE. Section 3 of the above Act was amended in June, 1931 to read as follows: "On or before the First day of January of each year said collector shall file with each municipal corporation for which he shall act a surety bond to the Commonwealth for the use of such municipal corporation in such reasonable amount as shall be fixed by the taxing authorities of the municipal corporation conditioning for the faithful performance of his duties during the ensuing year."

The city treasurer performs certain duties in addition to collecting taxes and as a city official is required to give a bond for the faithful performance of these duties. Provision has been made, however, whereby the bond required of him as the collector of city taxes shall fully bond him for the performance of the duties of city treasurer and collector of city taxes. This provision saves the city treasurer from being compelled to furnish two separate bonds to the city.

Every city of the third class is either a second or third class school district and the person who collects the school tax, whether the city treasurer or an appointee of the school board, must comply with Section 550 of the School Code in regard to furnishing a proper bond.

Section 550 in part reads:

> ''Every person appointed or elected collector of school taxes in any school district of the second, third or fourth class in this Commonwealth, in addition to any bonds that he may now be required by law to give, and before receiving his tax duplicate and warrant to collect said school taxes, shall furnish to the school district a proper bond, in an amount to be fixed by the board of school directors, with such surety or sureties as it may approve, conditioned upon the faithful performance of his duties as such tax collector - - - - .''[37]

There does not appear to be any recent law which specifically refers to the bond requirements for collectors of county taxes in third class cities. Such collectors are required to furnish a bond to the county commissioners and it is generally understood that the authority to demand such bond is contained in Section 19 of the Act of April 15, 1834, which reads as follows:

> ''No person shall be appointed collector of county rates and levies, unless he shall give bond in such amount as shall be determined by the commissioners with warrant of attorney to confess judgment thereon, and with such surety or sureties therein as shall be satisfactory to the commissioners, with a mortgage of real estate sufficient to secure such amount.''[38]

Another section of the same Act provides that the conditions of such bond ''shall be that such collector shall well and truly collect and pay over or account for according to law, the whole amount of the taxes charged and assessed in the duplicate delivered to such collector.''[39]

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[36] Act of June 20, 1901, P. L. 578.

[37] Act of May 18, 1911, P. L. 309.

[38] P. L. 509.

[39] *Ibid.*, Section 43. While this section has been repealed as to townships in particular it is believed to be otherwise in force in most of the counties of the State.

In 1835 a law was passed which gave the county commissioners the right to appoint county tax collectors without the bond as required in Section 19 of the above Act provided, however, that the person appointed owned a freehold estate which, in their opinion, would be sufficient security for the faithful performance of his duties as collector.[40]

None of the laws requiring bonds of tax collectors in third class cities make any provision as to who shall pay the premiums on such bond where it is furnished by a bonding company. In so far as city and school taxes are concerned there are very few instances where the bond is not written by a security company. The same thing is true in a majority of cases in respect to the bonds furnished by the collectors of county taxes in such cities. In a few places, especially where county taxes are collected by local ward collectors, personal bonds are signed by the personal or political friends of the collector. In at least two cities the county tax collector's bond is either paid for or subscribed to by local banks, in consideration that the county funds be deposited by the collector in the bank in question. This practice may prevail in one or two additional cities but it is no longer the common practice that it was a few years ago.[41]

AMOUNT OF BOND REQUIRED. While the law specifically provides that each tax collector shall furnish a bond conditioned on the faithful performance of his duties, in no case is a bond in any definite amount required. The amount is left entirely to the discretion of the corporate authorities levying the tax and demanding the bond. Clearly the purpose of requiring a bond is to protect the taxing district in case the collector either defaults in his collections or fails to make a full and proper showing for the moneys collected. In actual practice the bond provided by the collector and accepted by the authorities frequently fails to provide such protection. Where the collector is compelled to pay the premiums he is naturally desirous of having the amount of the bond as low as possible. If he is in favor with the local political leaders, his friends attempt to persuade those in authority that the bond offered affords ample protection to the municipal units concerned. This is not so likely to happen in regard to the separate school bond for the reason that usually the school board in third class cities is not completely controlled by the political party in power. It is an interesting fact that the penal sum in school bonds is frequently from 10 to 20 per cent higher in proportion to the tax levied than it is in either the city or county bonds. This is true in some cities even where the same man collects all three taxes, or at least the city and school, and collects them at the same office and with the same office personnel.

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[40] Section 1, Act of February 28, 1835, P. L. 45.

[41] The question of who pays the premiums on bonds in third class cities will be discussed in detail later in Chapter VI on Costs.

As would be expected, where the amount of the bond is left to the discretion of the taxing authorities, there is a wide variation between the amount of bond required and the total taxes levied. This amount varies from year to year and this without any relation to the amount of taxes levied. Some data were gathered on this point by the writer for the year 1930. It was found, for instance, that in two cities the collectors of county taxes were compelled to furnish a bond equal in amount to the face of the tax duplicate. There were two cities where the same thing was true as to the collector of school taxes. In one city only was the city treasurer, as collector of city taxes, required to furnish such a bond. In the case last referred to the amount of the bond had been raised to the face value of the duplicate only after a collector had defaulted and it was discovered too late that the existing bond would not cover the shortage in accounts. Upon comparing the amount of the bond filed with the face of the tax duplicate in 26 additional cities it was found that in 6 cities the bond amounted to one-twentieth of the tax levied; in 8 cities, to one-tenth; in 6 cities, to one-quarter; in 5 cities, to one-half; and in 1 city, to three-quarters.

It is certainly very doubtful if there is any margin of safety where the bond is less than one-fourth of the face of the duplicate. Of course it must be borne in mind, as will be shown later in some detail, that the tax collector does not have in his possession at any one time, as a rule, more than 25 per cent of the amount called for in his duplicate. This is due to the fact that he must turn the money over to the authorities entitled to receive it at least once a month, and in some cities once a week. In fact in some of the larger cities the current practice is to require the collector to turn the money over daily. This is especially true in regard to taxes collected for city purposes and here the city treasurer merely makes a transfer on the official records of taxes held by him as tax collector to money held by him as city treasurer. As a general rule collectors of county taxes hold larger amounts of money in their possession for longer periods of time than do the other collectors. There are many instances yearly where such a collector has in his possession, either in his office safe or in a bank, credited to his account, amounts in excess of 10 per cent of his duplicate and in excess of the face of his bond.

In the cities where a collector was required to give a bond equal in amount to the face of his duplicate there was only one case where the collector himself was not required to pay the premiums. A collector objects to giving such a bond for two reasons: First, it compels him to pay a premium on a portion of the duplicate which he is not expected to collect and for which he will later be exonerated because of mistakes, duplications, deaths, removals, etc.; second, while the bond covers the full tax as levied, he never has in his possession or under his control at any one time more than from 25 to 50 per cent of the total taxes levied. Several city treasurers have called the writer's attention to the fact that their bonds total in excess of $200,000, while under the new law in operation in the City of Scranton the Legislature has fixed the amount of the bond at only $100,000, although the collector in Scranton has a total duplicate in almost twice the amount of their duplicates.[42]

The premium costs on some of these bonds are very high and it would seem that the collectors have just grounds for complaint. In any event whether the premium is paid in the first instance by the collector, or the tax district, the fact remains that it is ultimately paid by the taxpayer and if a saving is possible it should be made. A few city treasurers have learned in the last two or three years that the premiums paid can be cut almost in half by turning the taxes over to the proper authorities daily instead of weekly or monthly. The writer found two instances where this was done during the last year. In possibly three or four cities the school or county collector receives enough interest from the bank on taxes credited to his account to pay at least a part, if not all of the premiums due on his bond. This is not true so far as the writer has been able to ascertain in regard to city taxes since the city treasurer as collector of city taxes turns the money over to himself as city treasurer daily and interest thereon accrues directly to the benefit of the city. Until a few years ago it was not an uncommon practice for the tax collector to personally receive and retain interest accruing on taxes on deposit in his name. As is indicated above, this practice is no longer followed to any considerable extent in cities of the third class and should not be permitted in any case.

Bond Requirements in Boroughs.

The new Borough Code enacted in 1927 requires that the borough tax collector shall annually furnish a bond in favor of the Commonwealth to cover the collection of taxes levied for borough purposes. Such bond must be approved by the Court of Quarter Sessions and be filed in the office of the clerk of such court. The condition of the bond is "that the tax collector shall well and truly pay over, or account for, the whole amount of taxes charged and assessed in the duplicates which shall be delivered to him, together with penalties and interest legally due.''[43] The amount of the bond is fixed by the authorities levying the tax but the law provides that it shall not amount to more than the total taxes charged in the various duplicates. If the bond is not issued by a trust or bonding company it must be signed by at least two sufficient sureties. Provision is made whereby a collector can, if suitable to the authorities interested, submit one bond to cover both borough and county taxes. Section 550 of the School Code, already referred to in connection with bond requirements in third class cities, requires a separate bond to cover collections of school taxes in boroughs.

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[42] However, the Legislature in 1931 amended the law applying to the City of Scranton and provided that each taxing district in the City could require a separate bond in a reasonable amount to be approved by the Court of Common Pleas in Banc. Section 2A of Act No. 240, approved June 22, 1931.

Bond Requirements in Townships.

It would appear that the law as it stands today requires the township treasurer who is the only tax collector in townships of the first class, to furnish at least three separate bonds. Section 275 of the General Township Act[44] provides that the treasurer shall, before he enters upon the duties of his office as collector of taxes, furnish a bond approved by the Court of Quarter Sessions and file it in the office of the clerk of such court. The condition in the bond provides that the collector ''shall well and truly pay over, or account for, the whole amount of taxes charged and assessed in the duplicates which shall be delivered to him.'' The law specifically provides that the bond does not cover the collection or payment over of township or school taxes. Another section of the same Act requires that the treasurer in each township of the first class shall give a bond ''in a sum to be prescribed by ordinance, and at least equal to the probable amount of the annual township tax.''[45] This bond, unlike the one required in Section 275, must be approved by the township commissioners and be filed with them. The condition of this bond is that the treasurer shall faithfully perform all the duties of his office and, among other things, give a just account of ''all moneys belonging to the township funds that may come into his hands from taxations or otherwise.'' In addition to these two bonds he must, of course, furnish a separate one for the school board as required by Section 550 of the School Code as previously discussed.

Since the tax collector in a township of the second class is not the treasurer of such township he is not compelled to furnish two bonds in addition to the one required by the school board. Section 366 of the law under consideration requires that he annually furnish a bond to be approved by the Court of Quarter Sessions. The detailed requirements as to this bond are almost identical with those set forth in the Borough Code as discussed on page 34.

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[43] Section 1081, Act of May 4, 1927, P. L. 548.

[44] Act of July 14, 1917, P. L. 840.

[45] *Ibid.*, Section 270.

There is no more uniformity in boroughs and townships than there is in cities of the third class in reference to the amount of the bond required of the tax collector. Many of the smaller districts accept private bonds and in some of these cases they require that the bond be in a sum twice the face of the tax duplicate. One township collector wrote that his bond was equal to three times the face of his duplicates. There are many districts where the bond is required to be in a sum equal to the duplicate and this is true in some cases where the bond is a corporate one and the collector required to pay all the premiums.

In some of the larger boroughs and townships, especially first class townships, collectors are bonded to an amount in excess of one millon dollars. It is likely that the Township Treasurer in Lower Merion Township, Montgomery County, is the highest bonded official in the State, although during the entire year he collects less than three million dollars in taxes. The same official in Upper Darby Township, in Delaware County, pays premiums on bonds in excess of one million dollars, although he collects considerably less than two million dollars in taxes in any one year. There is certainly a waste of the taxpayers' money in such cases and a temptation to graft in connection with the placing of such bonds. While the premiums in the two cases cited above are paid personally by the respective collectors there are many instances where this is not true. On the other hand, in a considerable number of boroughs and townships the bond required does not amount to more than one-tenth of the face of the duplicates and in many of these cases the bonds are private, or individual, based on real estate as security.

The present laws leave the two important questions—first, the amount of the bond to be required, and second, who shall pay the premiums—to the discretion of the local authorities. While the local courts are usually required to approve such bonds, still the common practice is for the court to accept them as presented if the local authorities are satisfied and, as a rule, no one raises any objection. In many communities the bonds are not sufficient in amount to give adequate protection to the taxing district and bare no reasonable relationship to the risk involved in handling the people's money. In a few districts the sum for which the collector is bonded is higher than is necessary to give ample protection against defalcation and results in the collector's seeking to offset the heavy costs involved by resorting to such practice as having banks pay the premiums, using interest accrued on taxes while in the bank for such purpose, etc.

There is also objection to the practice of accepting bonds furnished by private individuals although such bonds are generally secured by real estate. One reason is that real estate is often overvalued for such purpose and if ordered sold in case the tax collector defaulted, would rarely bring an amount sufficient to cover a serious shortage. Another objection to this practice is that it obligates the collectors to those who sign the bond, and often to their friends. Special favors and concessions are then expected and usually granted which prevent the collector from impartially performing the duties of his office. Not only should all tax collectors be required to furnish corporate bonds, but the cost of the premiums on such bonds should be directly and entirely paid for by the corporate authorities for whom the taxes are collected. The taxpayer should not object to the extra cost involved in requiring a bond furnished by a trust or bonding company as such bond insures the safe handling of the money he has paid until it reaches the proper authorities, where it again becomes protected by another bond. However, some tax collectors might object to such requirement since it would remove one item of their present costs behind which their real income as tax collector is shielded from public view.

POWER TO APPOINT DEPUTY COLLECTORS, CLERKS, ASSISTANTS, ETC.

Ample authority is usually conferred by law for the appointment of deputy tax collectors, clerks, and assistants. In some cases such appointments are left entirely in the hands of the tax collector, but in a few instances the tax levying authorities make the appointments directly.

Two sections of the School Code provide for the appointment of deputies and assistants so far as the collection of school taxes is concerned, anywhere in the State. Section 528 provides that the board of school directors in school districts of the first class (Philadelphia and Pittsburgh) shall have the right to appoint annually such clerks as it may deem necessary to assist the city treasurer or other receiver of taxes in the collection of school taxes.[46] Another section of the Code, which applies to second, third and fourth class districts, provides that the collector of school taxes, whether elected, or appointed, " . . . . may deputize in writing one or more suitable deputy tax collectors, who, when so deputized, shall be authorized to collect the school taxes in like manner and with like authority as the tax collector appointing them."[47] The regular collector, however, is made directly responsible to the school board for all taxes collected by such deputies. Clerks and assistants are also generally appointed by the school tax collector, but in most cases, where the compensation of such clerks is paid by the school board, it makes such appointments directly

In the City of Philadelphia the Assistant Receiver of Taxes is appointed by the head of the Department of Receiver of Taxes, but all other employes, and there are hundreds of them, secure their positions through the Civil Service Commission[48] and are compensated from the Department's budget allowance. In Pittsburgh the City Treasurer, who collects both city and school taxes, is authorized to appoint employes found necessary to carry on the work of the Department of City Treasurer.[49] Under the law enacted in 1929[50] pertaining to the city of Scranton the collector, who collects all local taxes, is given the authority to appoint all necessary clerks and assistants. There is an important limitation on his authority, however, since the number necessary to be employed, and their salaries, must be fixed by a salary board consisting of the Chairman of the Board of County Commissioners, the Mayor of the City, and the President of the Board of School Directors.

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[46] Act of May 18, 1911, P. L. 309 as amended.

[47] *Ibid.*, Section 548.

In cities of the third class the city treasurer, as the collector of city and poor taxes is given full authority to appoint necessary deputies, clerks, and assistants. All compensation for such work must be paid by the city treasurer personally and the city is in no way responsible for their official conduct.[51]

The Act of 1925, which created an alternate system for the collection of county taxes in cities of the third class, gives the collectors appointed the right to "employ such clerical assistance as may be necessary for the proper accommodation of the taxpayers of said city."[52] The law provides that the salary of such clerks and assistants shall be paid for by either the collector, out of his commissions, or by the county, as determined by the county commissioners in each particular case.

In the boroughs and townships of the State the regular tax collector is permitted to appoint as many assistants as he thinks necessary, but in the majority of cases he is required to pay for such service out of his own pocket. The collector is, of course, held responsible to the local authorities for the conduct of his assistants. In many of the small boroughs and townships the collectors do not find it necessary to engage the services of any one.

SUPPLIES, STATIONERY, AND POSTAGE.

The general practice in the State is to have each tax levying district furnish all necessary supplies, as well as pay the postage charges connected with the collector's office. The school, borough, and township codes provide that the local authorities pay the postage on the tax notice which the law requires the collector to mail to each taxpayer. These laws usually provide that the collector may retain out of the taxes collected an amount sufficient to reimburse himself for these charges. The amount of money so held out is subject, however, to adjustment by the local authorities.

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[48] Section 3, Article XIX, of the Act of June 25, 1919, P. L. 581.

[49] Section 29, of Charter Ordinance, approved January 7, 1902, carrying into effect the Act of March 7, 1901, P. L. 20.

[50] Section 4, Act of May 8, 1929, P. L. 1643.

[51] Section 5, Act of June 20, 1901, P. L. 578.

[52] Section 2, Act of March 26, 1925, P. L. 69.

The laws referred to above do not specifically include supplies and advertising, but many of the taxing districts furnish such items in addition to postage. The School Code, on the other hand, does not cover postage charges in so far as first class school districts are concerned, but expressly provides for supplies, stationery, etc., in such districts. The law of June 20, 1901, previously referred to in connection with third class cities, provides that the proper authorities shall furnish the collector with ''all printing and stationery supplies.''[53] No mention is made, however, as to who shall pay for the stamps used in mailing tax bills on taxes levied for city or poor purposes.[54]

REPORTS AND PERIODIC PAYMENTS MADE BY TAX COLLECTORS.

Every tax collector in the State is required to keep records, make reports, and turn the money he collects over to the proper authorities at certain times. There is ample reason for such records and reports. Many collectors are engaged in private work of one kind or another and if accurate records and reports were not required some collectors would neglect to keep money received from taxes separate from their private funds, and many would not make reports as to the condition of their tax duplicate unless actually compelled to do so by the local authorities. In fact, before the law required periodic reports, many of the collectors found themselves in constant dispute with the local officials as to how tax matters stood. Even today some collectors get behind with their reports and sometimes, too, the tax levying authorities do not insist upon the report when it is due. Especially is this true when the collector takes an active part in local politics and stands in well with the authorities to whom the report is to be submitted. The law usually provides a special penalty for the failure to make tax reports promptly and as required, and the authorities entitled to receive them do not have to be denied, or put off, if they actually insist upon the collector's complying with the law. It is only through reports regularly made that the local authorities can keep abreast of the financial condition of the taxing district.

Since the law dealing with records, reports, and deposits of the tax collectors is not uniform throughout the State, it is necessary to consider each type of municipality separately in this connection.

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[53] Section 9, P. L. 578.

[54] Data will be presented in Chapter VI on Costs to show a considerable variation in the practice of furnishing postage, etc.

The school law provides that every collector of school taxes shall make a monthly report in writing to the board of school directors. Section 529 of the School Code, which applies to first class school districts, requires that the report be submitted to the school controller as well as to the school board. This report is to be made at the end of each month and must show the total amount of school taxes collected during the month and the exact years for which collected. In addition, each monthly report must show the total amount of taxes collected during the current fiscal year and the unexonerated balance remaining uncollected on the tax duplicate for each year for that particular district. The same section of the law also provides that the collector shall pay the taxes "when and as collected to the school treasurer and shall file with the school controller a duplicate receipt therefor."[55]

The collectors of school taxes in all school districts of the second, third, and fourth classes are required to submit a written report monthly to the secretary of the board of school directors. This report is not as comprehensive as the one required in districts of the first class but it must show the total amount of school taxes collected during the month, together with the names of the taxables from whom the same have been collected. When the collector makes his monthly report he must exhibit to the secretary a receipt signed by the school treasurer showing that the latter has officially received the taxes covered in the report. The secretary must countersign such receipt. By authority of this section all school taxes pass from the hands of the collector to those of the school treasurer in all the school districts of the State, except Philadelphia and Pittsburgh. In actual practice many of the school tax collectors, especially in the larger cities, turn the money over to the school treasurer, or deposit it daily in banks to the credit of the school board. This is also true in many of the smaller cities and larger boroughs and townships during the heavy collection periods.

The law pertaining to the City of Scranton[56] requires the tax collector to make a monthly report to each of the interested local authorities of the taxes collected and moneys on hand, and further requires that he pay over to such authorities all moneys collected during the preceding month. The collector is not required, however, to submit a list of the taxpayers who have paid, or a statement of the amount of the various taxes outstanding on each of the tax duplicates.

The law on this subject applicable to city and poor taxes in third class cities provides as follows:

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[55] Act of May 18, 1911, P. L. 309.

[56] Section 7, Act of May 8, 1929, P. L. 1643.

> "The said (city) treasurer, as collector of taxes, shall, at least once a month, pay over to himself as city treasurer, or charge himself therewith, all the city and poor taxes collected by him; and at the same time he shall make a report or return to the superintendent of accounts and finance, verified by affidavit, showing by whom and upon what properties the real estate, city and poor taxes have been paid."[57]

This law is strictly complied with on the part of the majority of city treasurers, although a few fail to make a separate report for each month in the year.

The law enacted in 1834 still applies to the point under discussion so far as county taxes are concerned. It governs the collection of county taxes not only in third class cities but in boroughs and townships as well, and provides that each collector of county taxes shall, within six weeks from the date of his warrant turn over all moneys received to the county treasurer at such time and place as is mentioned in his warrant of authority.[58] It will be noted that this law does not require a monthly statement or report but merely the turning over of the money already received from the taxpayers. The language used is ambiguous and the majority of collectors of county taxes ignore the law entirely and turn the money over when they get ready. Within the last year or two some county commissioners have insisted upon the collectors' turning the money over to the county treasurer at frequent intervals.

The General Borough Act of 1927 requires that the tax collector "shall make monthly returns, in writing, in duplicate, to the borough council, showing the amounts collected by him during the preceding month, and the amount of uncollected taxes on his duplicate, or exhibit the duplicate showing the uncollected taxes at the close of each month, and shall pay over to the treasurer the amounts so collected less the commissions to which he is by law entitled."[59] Under this law the collector of borough taxes is required to turn over the taxes collected each month but he is not required to make a written report to the borough authorities. He may, at his option, make a written report or exhibit his duplicate to the authorities. In many boroughs the collector fails to make either the report or produce the duplicate, but in such cases he usually makes an oral report when he turns over the money.

There is no like provision appearing in the General Township Act of 1917 pertaining to townships of the first class, but Section 428 of the Act which refers to second class townships, as amended by an Act of 1923[60] provides as follows:

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[57] Section 5, Act of May 29, 1917, P. L. 315, amending the Act of June 20, 1901, P. L. 578, Section 10.

[58] Section 47, Act of April 15, 1834, P. L. 509.

[59] Section 1309, Act of May 4, 1927, P. L. 519.

[60] Section 1, Act of June 29, 1923, P. L. 947.

> "The tax collector shall keep correct accounts of all moneys collected, marking "paid" on his duplicate each taxable, with the amount of tax and the date on which paid. The collector shall, on the first day of each month, make a true statement in writing, to the secretary of the board of supervisors, of all taxes collected during the previous month, giving names of taxables, and amount collected from each, and the total amount received. The collector shall pay over on the first day of each month, to the treasurer, all moneys collected during the previous month, and take his receipt for same."

It will be observed that the requirements set forth above are much more strict than those applying to the collection of township taxes. In the townships referred to the collector is compelled not only to make a written report—but such report must be submitted on the first of each month and show the name and amounts paid by each taxpayer.

In addition to the above requirements each borough and township tax collector is required, before he assumes the duties of his office, to notify the county treasurer, in writing as to his name, address, district for which he collects, the place or places where he receives taxes, and the office hours he holds.[61] The county treasurer in each county is required to keep a Tax Collectors' Address Book in which must be set forth the above required information indexed both according to municipality and the name of the collector, which book must be kept open during office hours for public inspection.[62]

The provision of the various laws concerning the turning over monthly of all taxes collected are very important. If the legal requirements are complied with the risk involved on the tax collector's bond is frequently lessened and in addition the taxing districts have possession of their money when they need it. In many instances the taxing district is able to secure some interest on the money while it is in the bank. Not many years ago it was a common practice for collectors to keep tax money in the bank in their individual names for long periods of time and personally benefit by the interest accruing thereon. While there are still some cases of this kind, especially in regard to county taxes, they are scattered and fast disappearing.

ANNUAL AND FINAL STATEMENTS.

In addition to the monthly and other reports discussed in the preceding paragraphs some tax collectors are required to make annual settlements and all are required to make final settlements when their term of office has expired.[63] The nature of the final settlement and the time when it is to be made varies with the different types of municipalities. In some instances the law is not clearly stated and in a few cases there is more than one law which refers to the same collector and the provisions in question are subject to more than one interpretation. This fact has been embarrassing to many collectors when making final settlements. To make a bad matter worse many of the local authorities have been dilatory in demanding final settlements. In some instances such settlements have not been made until two or three years after the collector's term of office his expired. In districts where the same man is elected collector term after term the tendency is to permit him to handle the affairs of his office as he sees fit regardless of specific legal requirements. Mr. John L. Glenn, Director of the Taxpayers' Association of Allegheny and Washington Counties, in speaking on this subject before the 1930 Conference on Local Taxation[64] referred to the case of a school tax collector in the western part of the State who had not settled a tax duplicate for five years. Regardless of this fact the man continued to serve as tax collector. This is by no means either an extreme or isolated case. The writer on his trip through the State in 1930 found one instance where the collector admitted that no duplicate of his had been finally settled for seven years and he expressed the hope that the county commissioners would continue to reappoint him. Many boroughs and townships in the State have had similar experiences. Fortunately, such laxness in cities, either on the part of the collectors or the local authorities is very rare today.

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[61] Section 1, Act of March 26, 1915, P. L. 11.

[62] *Ibid.*, Section 2.

[63] There have been some cases where collectors have not made a final settlement at the end of a four year term when they were to succeed themselves for another four years, and in several of these cases the books were found later to be in a hopeless mess.

While the case referred to by Mr. Glenn happened to be one of a school collector, the writer has found, both from correspondence and from personal visits to many parts of the State, that school boards, as a rule, are more strict than the other local authorities in insisting that the settlements be made promptly and according to law. One reason for this is the fact that the school law is both specific and clear as to when such settlements must be made and little, if any, discretion is allowed the school board. Another reason is that the school authorities all over the State keep a more watchful eye on the tax collectors, the way the taxes are collected, the money handled, etc., than do most of the other local authorities.

In the two first class school districts the collector of school taxes is required annually, on the first Monday of February, to settle his accounts for the preceding fiscal year, and also to present a statement of the total amount remaining unpaid upon the tax duplicates.[65] So far as the writer has been able to ascertain these settlements are always made promptly and according to law.

In second, third, and fourth class school districts the tax collector, in addition to the regular monthly payments, must make a full and complete accounting and pay over on or before the first day of June[66] in each year, the total amount of taxes appearing on his duplicate. He is permitted, however, by law to deduct the amount of unpaid taxes on real estate where he can show that the owner thereof has no personal property out of which such taxes might, by legal process, have been collected by him. Any other taxes remaining unpaid on his duplicate at the end of the year must be paid by him out of his own pocket.[67] The law in such cases gives him the right to personally sue the delinquent taxpayer for reimbursement.[68]

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[64] Sponsored by the Pennsylvania State Chamber of Commerce and held in Harrisburg in March, 1930.

[65] Section 530, Act of May 18, 1911, P. L. 309.

The city treasurer, in cities of the third class, as collector of city and poor taxes, must make an annual settlement on the first Monday in January following the year in which a duplicate has been placed in his hands. At such settlement he must pay over the amount charged against him "except such sums as he may be exonerated from collecting by the proper authorities, which exoneration may be made in the manner as heretofore practiced."[69] This is one of the few laws that has been uniformly enforced in the third class cities of the State. In a few cities the settlement has not always been made on the day required by law, but the delays have not been unreasonable and have been consented to by the proper authorities for reasons which they deemed sufficient.

The law is somewhat uncertain concerning the *final* settlements of county tax collectors. Section 49 of the Act of 1834,[70] which has never been repealed so far as county and poor taxes are concerned, provides that:

> "every collector shall within three months after receiving the corrected duplicate, pay into the hands of the treasurer of the proper county the whole amount of the taxes charged and assessed in such duplicate, excepting such sums as the commissioners in their discretion, may exonerate him from, on pain of being answerable for, and charged with the whole balance so remaining unpaid."

This law is not now being enforced and has not been for many years. Several county collectors have told the writer that they do not even make monthly returns of the money collected, but pay it over two or three times a year, with a final settlement only when they go out of office. There is no doubt whatsoever that in many parts of the State county tax collectors do just about as they please in paying taxes over to the county treasurers and in making reports and settlements to the proper authorities.

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[66] Fiscal school year is from July to July in second, third, and fourth class school districts.

[67] This is the law but very frequently it is not enforced by the taxing district against the collector.

[68] This phase of the subject will be considered more in detail in connection with Chapter V on Delinquent Collections.

[69] Act of May 29, 1917, P. L. 315.

[70] Act of April 15, 1834, P. L. 509.

The General Borough Act of 1927 requires that the tax collector's accounts shall be settled by the borough auditors or controllers and that each collector render a separate account for each kind of tax collected, but the law does not require that such accounts shall be made at any designated time. The present laws applying to townships are more definite in this matter. In townships of the first class, the township treasurer, who is the tax collector for the township, must annually state his accounts and turn over his books and vouchers to the township auditors for settlement.[71] The above requirement does not apply to a tax collector in a township of the second class, but the General Township Act was amended in 1923[72] so as to require such collector to make a complete settlement of all taxes collected, each settlement to be not later than three months after the expiration of his term of office. No mention is made, however, of an annual settlement, although such collector is required to make monthly reports and payments during the entire period he acts as tax collector.

EXONERATIONS.

Many of the laws discussed in reference to annual or final settlements by tax collectors dealt also with the question of exonerations. The problem of exonerations is both interesting and important. The importance of the problem is due, not only to the amount of money lost to the taxing district, but to the number of cases involved and the reason for allowing exonerations. For several years charges have been made in many parts of the State that the exoneration lists are getting longer and the reasons for allowing the exonerations poorer. That the tax collector cannot be expected to collect every item on his duplicate has always been recognized. It has long been the policy of the Legislature to permit exonerations, but to let the local authorities determine for themselves when and for what reasons the collector should be exonerated.[73] In some of the laws referred to the Legislature has specifically provided that exonerations shall at all times be made "for mistakes, indigent persons, unseated lands, et cetera, as shall appear just and reasonable." On the other hand there has been a tendency in recent years for the Legislature, when referring to exonerations, to provide merely that "exonerations shall be allowed as heretofore" or "exonerations may be made in the manner as heretofore practiced."

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[71] Section 272, Act of July 14, 1917, P. L. 840.

[72] Section 1, Act of June 29, 1923, P. L. 947.

[73] Until at least 1913 there was no legislative enactment concerning exonerations in boroughs, but the Supreme Court held in *Jones v. Sharon Borough*, 328 Pa. 35, (1913) that since the authorities had always allowed them in boroughs the same as they had been allowed in townships, that the Court would not interfere.

This is unfortunate since such language is construed by some of the local authorities as giving legislative sanction to the current practice of allowing exonerations, not only where they are just and reasonable, but where they are politically expedient. Sometimes the law provides that ''exonerations or abatements'' may be allowed. The word abatement, as was pointed out in Chapter I is very much abused in tax legislation. As used in connection with exonerations the word abatement properly refers to a case where the taxpayer has been excused from paying a part of his tax only. It sometimes happens that after a tax has been levied on a piece of property and the tax duplicate delivered to the collector, the property is either entirely or partly destroyed by fire, cave-in, flood, etc. Fairness requires that an adjustment of the tax be made. The several authorities levying the taxes against such property therefore reduce the tax and such action is called an abatement. The word is used in still another connection. Once in a great while the authorities desire to reduce the tax rate after the tax duplicate has been handed to the collector. Whether this reduction is made to cover all taxables in the district, or only a part of them, it is considered as an abatement and the collector given credit on his books at the time of settlement.

In a few instances the term is used to indicate that the valuation of the taxed property has been reduced. If a deserving citizen owns real estate on which he feels that the full tax as levied should not be paid, he can ask for an abatement. The authorities, instead of allowing an exoneration, reduce the assessed valuation of the property so that the regular tax rate based on the lower valuation will produce the amount of tax which the authorities think the taxpayer should be compelled to pay. This round about way of allowing an exoneration, even in deserving cases, is to be condemned. The assessor's figures should not be juggled around in this fashion to accomplish a purpose which can be reached by open and above board methods. Such a procedure, however, was followed last year in 40 cases in one third class city and three additional cities, all of the third class, had 10 to 20 such cases for the year 1930. The collectors involved in these cases usually explained to the writer that such properties were owned by widows or aged people who had little means of support and could not afford to pay the full amount of their taxes and the city did not like to place a lien against the property and possibly cause it to be sold for unpaid taxes. It is a pretty well known fact that such practice is followed in many places in order to reduce the taxes on real estate owned by certain officials or local political leaders. However, taking the State as a whole, there are very few instances which appear in the official records where exonerations or abatements are allowed on real estate. It is the personal occupation tax, poll tax, and school per capita tax that gives rise to a serious problem in respect to allowing exonerations.

Only the authority levying a tax can allow its exoneration. The collector can, and does, make recommendations and too frequently they are accepted without investigation. In order to keep a check on the number of exonerations allowed, the law usually requires that the local authorities keep a book or list containing the name of the taxpayer, the amount of the tax exonerated, the reason for the exoneration, and the date when made. The author has personally examined many such lists in various parts of the State and found that they are often incomplete, torn, and dirty in appearance and the names so scratched up, or blotted out, that they are of little value as a record. In some places the lists for 1928 are already lost or destroyed. In many cases the lists are so drawn as to arouse the suspicion of any honest and conscientious official whose duty it is to accept them and exonerate the collector. In fact some collectors told the writer that their lists were accepted without question and that the whole proceeding was a mere formality. Some of them made an exception in regard to the list presented to the school authorities and said that they usually had difficulty in getting their original list accepted by the school board. The writer copied 20 reasons from the list of one collector as reported to and accepted by the county commissioners in a county in the central part of the State. The list was for the year 1927. It follows: 1, ''gone;'' 2, ''crazy man;'' 3, Dead Beat;'' 4, ''died;'' 5. ''lost his job;'' 6. ''just got married & needs money;'' 7, ''his disapered;'' 8, ''lost his wife;'' 9, ''bootlager;'' 10, ''cant be found;'' 11, ''moved away;'' 12, ''Now in county Poor house;'' 13, ''not 21 yet;'' 14, ''Has no property to pay with;'' 15, ''Reported gone:'' 16, ''mistake made man never lived near here;'' 17, ''too old to pay tax now;'' 18, ''ought to be in poor house;'' 19, ''too many dependents;'' 20, ''cant locate.'' This list contained about one hundred and thirty additional items made up mostly of cases of ''dead,'' ''moved out of town,'' ''too poor to pay,'' etc. In four cases reasons were not stated at all. Such an exoneration list makes one wonder if the county commissioners ever read it.

Where the tax collector is part of the local political machine in power, there are entirely too many cases where his friends and their friends, and especially the ward or precinct workers, ''door bell ringers,'' etc., are exonerated as a consideration for party loyalty and assistance. These exonerations are usually allowed, not on real estate, but on poll taxes, occupational taxes and, in a few cases, the school per capita tax. A certain amount of this petty graft goes on all over the State but there are some places where it is engaged in to a considerable extent. The Taxation Committee of the Hazleton Chamber of Commerce recently prepared, and had printed in the local newspapers, a statement concerning the tax collector situation in that city. One paragraph of their report is presented here varbatim.

> "The 1928 total presidential vote for Hazleton was 10,532, and for the same year the county tax collector for that city presented to the commissioners a tax exoneration list containing the names of 6,000 persons for exoneration from taxes. The county commissioners, with little less than a jesture, approved of every name upon the list; so that as far as any possible county taxes, 6,000 persons were exempt, scott free, forever. And this remember, is but a typical instance to illustrate what is happening in the other cities of Luzerne county. It is for you to reflect on what further part of them were not collected, and the failure to collect made through sheer, gross and wanton indifference. All these 6,000 names were duly designated and written in the county assessment books by the county assessors for the city of Hazleton, and from the four corners of the long list of names, what a story of political perfidy could be written."[74]

The City of Hazleton does not stand alone with such a record. There are many other places in the State where, if the truth were known, would show conditions equally as bad.

NUMBER OF EXONERATIONS ALLOWED IN THIRD CLASS CITIES.

Full and complete information as to the number of cases of exonerations could not be obtained by the writer from every collector of taxes in each of the third class cities. Enough facts were gathered, however, to give a fair picture of the general situation. This information was given either by the collector personally or by one of his assistants familiar with the exoneration lists. Sometimes an actual count was made, but more frequently the number of exonerations was obtained by counting the number of names on a typewritten page and multiplying that by the number of pages of the exoneration list. The data presented refers to personal, poll, occupational and per capita taxes only. The amount of the tax exonerated is not shown at this time, and the figures refer only to the number of individual cases where exonerations were granted.

How are these exonerations explained? Every collector interviewed was asked to give the main reasons for allowing them. Three reasons were given by every collector, to wit: "deaths," "removals," and "duplications or errors." Some added "sick and poor," a few said that a small percentage was due to "political influence." A majority of the collectors gave as their opinion that from 80 to 90 per cent of all exonerations allowed in their city was traceable to one of the first three reasons mentioned above. A few thought 75 per cent was nearer the truth. One city treasurer stated that 40 per cent of the exonerations in his city were due to the inability of the taxpayers to pay.

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[74] These exonerations must refer to poll or occupational taxes, certainly not to taxes on real estate.

Opinions may differ as to the real causes for allowing some of these exonerations, but one thing stands out so boldly that it cannot be denied or ignored—that is the fact that the assessors' lists from which the tax duplicates are prepared are in a deplorable condition all over the State. In some cases the lists are prepared more than a year

City	Population in 1930	Number of exonerations allowed in 1929	Kind of taxes covered
Altoona	82,054	7-10 thousand	All local taxes
Butler	23,568	1,230	“ “ “
Corry	(1)	300	“ “ “
DuBois	11,595	900	“ “ “
Erie	115,967	15,900	“ “ “
Greensburg	16,508	600	“ “ “
Johnstown	66,993	4,200	“ “ “
Monessen	20,268	1,400	“ “ “
Pittston	18,246	“several thous.”	“ “ “
Sharon	25,908	3,500	“ “ “
Sunbury	15,626	1,600	“ “ “
Uniontown	19,544	3,300	“ “ “
Carbondale	20,061	3,000	City and school only
Clairton	15,291	1,524	“ “ “ “
Connellsville	13,290	924	“ “ “ “
Franklin	10,254	500	“ “ “ “
Lebanon	25,561	1,041	“ “ “ “
Lock Haven	(1)	700	“ “ “ “
Meadville	16,698	660	“ “ “ “
Monongahela	(1)	846	“ “ “ “
New Castle	48,674	5,700	“ “ “ “
Oil City	22,075	2,000	“ “ “ “
Titusville	(1)	500	“ “ “ “
Washington	24,545	2,750	“ “ “ “
Williamsport	45,729	6,200	“ “ “ “
York	55,254	20% of personal taxes	“ “ “ “
Easton	34,468	5,000	City taxes only
		17% per capital tax	School taxes only
Reading	111,171	9,400	“ “ “

[1] Less than 10,000 population in 1930.

before the collector starts to collect the taxes. Frequently, 18 months elapse after a name is put on the assessor's list before the tax becomes delinquent and the collector makes an attempt to locate the taxpayer. In numerous cases the assessor is accused, by the collector, of copying the list year after year. People may die or move away but the names stay on the assessor's list and a tax notice is prepared and sent out only to be returned to the collector who must then ask for an exoneration. The names of children are placed on the list sometimes two or three years before they reach their majority and therefore liable for a personal tax of any description. A man who moves from one ward to another is likely to receive two tax bills the following year. One assessor in Dauphin County retained the name of his daughter on his list for three years after she had married and moved to another ward in the city. Names are often incorrectly spelled, or the initials changed so that the collector's notice to pay is returned. Addresses are very frequently wrong, due to carelessness on the part of the assessor. All of these mistakes cost the tax collector time and money, and often result in the taxpayer's escaping payment of the tax levied.

In the City of Carbondale the City Treasurer showed the writer a pile of *three thousand tax bills* returned to him in one year. In his opinion a majority of the bills were returned because the taxpayers were dead. This official did not hesitate to say that many of the names had been copied from tombstones for the voters' list.

In a few of the cities the officials are now giving serious attention to the problem of revising the assessors' books. They have been forced to take such action because of numerous complaints that a substantial number of residents are escaping the payment of personal taxes.

Exonerations in Boroughs and Townships.

Turning from cities to boroughs and townships one finds very much the same situation in regard to the problem of exonerations. Detailed information could not be obtained as to the number of exonerations allowed in any one year, but the writer was able to secure data from 491 collectors who gave the main reasons why they were exonerated for part of their duplicates. Most of the collectors gave three principal reasons, some four or five. Summarized, the information received shows the following:

Reasons for allowing exonerations.	*Number of collectors giving reasons.*
Moved out of town	348
Death	252
Too poor to pay	138

Errors and duplications	132
Old age	78
Sick and cripples	77
Dependents	28
Widows	20
Friendship or politics	20
Out of work	8
Insane	8

It will be observed that the reasons given for allowing exonerations in boroughs and townships are substantially the same as those given in the cities. There is one exception. Very few collectors in boroughs or townships gave the failure to locate the taxpayer as a reason for asking to be excused from collecting the tax. This was a common excuse offered in many of the third class cities due, no doubt, to the fact that more people, as a rule, move from place to place in a city than in a borough or township. Furthermore, the assessor and tax collector in the smaller communities are in a much better position to know when people move into or out of the district. The result is that the assessor's list and, consequently, the tax duplicate contains fewer errors and duplications.

Only a careful investigation in each municipality in the State would show whether the reasons officially given for allowing exonerations are true or false. Many instances of favoritism and petty graft are covered up by such excuses as, ''can't pay,'' ''moved,'' ''out of work,'' ''sick,'' ''old age,'' etc.

Thus far two things have been shown in regard to exonerations: (1) the frequency of allowing them and, (2) the reasons usually given. Another measure of the extent to which exonerations are allowed is to consider the amount of taxes for which the collector is excused from collecting. What proportion of the total tax levied is not collected due to deaths, removals, duplications, poverty, and political favors?

The writer has made a study of the official figures for the year 1927 of every local tax district in the State for which returns were made to the Department of Internal Affairs at Harrisburg. This was the first year for which information was uniformly gathered by the State, and possibly 5 to 10 per cent of the districts did not supply the complete information called for. In Table 1 figures on this point are compared for the years 1927 and 1928 for each kind of tax collected in the State.

While it is not possible to draw too definite conclusions from a comparison of the figures of only two years, it is at least possible to point out one or two facts in connection with such figures. Table 1 shows that for the year 1927 1.02 per cent of all local taxes levied in

TABLE 1.

EXONERATIONS EXPRESSED AS A PERCENTAGE OF TOTAL TAXES LEVIED FOR THE YEARS 1927 AND 1928.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

Kind of tax	Year	Total tax levied	Exonerations allowed	Ratio of exonerations to total tax levied
City taxes in cities of the first class	1927 1928	$58,372,964 68,108,962	$136,090 88,928	0.23 0.13
City taxes in cities of the second class and second class A	1927 1928	20,329,415 23,298,770	45,686 44,715	0.22 0.19
City taxes in cities of the third class	1927 1928	18,017,456 19,964,247	73,249 144,559	0.40 0.72
Total city taxes in all cities	1927 1928	96,719,835 111,371,979	255,025 278,202	0.26 0.24
Borough taxes in boroughs	1927 1928	22,036,941 23,467,835	259,851 272,183	1.17 1.15
Township taxes in townships of the first class	1927 1928	4,883,416 5,406,462	63,495 58,315	1.30 1.07
Township taxes in townships of the second class	1927 1928	14,177,185 14,790,741	236,834 244,084	1.67 1.65
Total township taxes in all townships	1927 1928	19,060,601 20,197,203	300,329 302,399	1.57 1.49
School taxes in all school districts	1927 1928	139,327,499 145,402,481	2,049,776 2,431,973	1.47 1.67
County taxes in all counties	1927 1928	48,142,470 52,371,950	460,916 656,529	0.95 1.25
Poor taxes in all poor districts	1927 1928	5,181,053 5,862,570	55,050 86,004	1.06 1.46
Grand total for state	1927 1928	$330,468,399 $358,674,018	$3,380,947 $4,027,290	1.02 1.12

the State were exonerated. For the year 1928 the figure was 1.12 per cent, or an increase over 1927 of nearly 10 per cent. The increase for the State as a whole would have been much higher had it not been that the city of Philadelphia, which collects one-fourth of the total tax levied in the State, showed a decrease of nearly 50 per cent in the amount exonerated in 1928 over 1927. A considerable decrease is also noticeable in regard to city taxes in cities of the second class and to township taxes in townships of the first class. The percentage of borough taxes exonerated was about the same for both years.

The most pronounced increase in 1928 over 1927 occurred in connection with city taxes in cities of the third class. Here the percentage of tax exonerated increased 44 per cent in the one year. The table further shows that exonerations increased 12 per cent on school taxes, 31 per cent on county taxes, and about 27 per cent on poor taxes from 1927 to 1928. The figures shown in Table 1 are state wide in scope and do not, therefore, show the problem as it exists in the various political subdivisions of the State. Table 2 shows a more detailed picture of the exoneration situation, not only by counties, but for each kind of tax levied in each type of subdivision in each county. The figures presented are for the year 1927 only.

From the first column in Table 2 it can be seen that only 13 of the State's 67 counties had less than 1.0 per cent of their total taxes exonerated in 1927. While 1.0 per cent was the average for the State, yet in 18 counties the exonerations amounted to 2.0 per cent or more, and in 3 counties to 3.0 per cent or more. Somerset county was highest with 3.8 per cent which by 1928 increased to 4.5 per cent.[75]

If the various taxes collected in boroughs are considered separately it will be found that in 43 counties exonerations are highest on the school tax, in 9 counties on the county tax, in 3 counties on the borough tax, and in 3 counties on the poor tax. Looking at the second class townships in the same way it will be seen that in 44 counties exonerations are highest on the school tax, in 12 counties on the county tax, in 4 counties on the township tax, and in 4 counties on the poor tax. In the third class cities they are highest on the school tax in 10 cities and on the county tax in 10 cities.

The figures presented show rather conclusively that in both boroughs and townships the school authorities lose a larger percentage of their taxes through exonerations than any of the other taxing authorities. This may be partly explained by the fact that the school per capita tax varies from one to five dollars per person, depending on the local school board, and is usually higher than the poll or occupational tax, so that with the same number of exonerations allowed in a given district on the various taxes levied, the actual amount exonerated in dollars and cents would likely be higher on the school tax than on any other one.

It is only when individual cities, boroughs, or townships are considered that the seriousness of the problem under discussion is clearly apparent. Figures for the year 1928 are presented at this time for several separate taxing districts of the State. In the City of Meadville 4.5 per cent of the school tax was exonerated, while in the City of Connellsville 8.4 per cent was exonerated. In the City of Carbondale the collectors were excused from collecting 5.6 per cent of the city tax; 3.8 per cent of the school tax and 4.1 per cent of the county tax. In the cities of Lancaster and Scranton 4.1 and 5.5 per cent of the county tax was exonerated respectively. In the City of Hazleton 3.7 per cent of the poor tax, 5.9 per cent of the county tax and 6.7 per cent of the school tax was not collected due to exonerations. For one reason or another, in the City of Pittston the tax collector was exonerated for 6.0 per cent of the county tax, 7.9 per cent of the poor tax, and 11.5 per cent of the city tax.

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[75] Detail figures for 1928 not presented on this point for each county separately.

TABLE 2.

EXONERATIONS EXPRESSED AS A PERCENTAGE OF TOTAL TAXES LEVIED FOR THE YEAR 1927 BY COUNTIES, CITIES, BOROUGHS, AND TOWNSHIPS.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

Name of County	All Taxes in county	Cities of the State				Boroughs				Townships of the First Class				Townships of the Second Class			
		City Tax	School Tax	County Tax	Poor Tax	Borough Tax	School Tax	County Tax	Poor Tax	Township Tax	School Tax	County Tax	Poor Tax	Township Tax	School Tax	County Tax	Poor Tax
Adams	1.5	------	------	------	------	0.2	1.5	1.3	------	------	------	------	------	1.1	2.0	2.2	------
Allegheny	0.4	0.2	0.1	0.3	0.2	0.5	1.4	0.2	0.1	1.3	0.7	0.3	0.2	1.2	3.5	0.2	0.1
Armstrong	3.1	------	------	------	------	1.8	3.1	2.1	2.2	------	------	------	------	2.9	5.4	2.3	1.9
Beaver	1.2	------	------	------	------	0.7	2.2	(1)	(1)	0.6	1.0	(1)	(1)	0.8	1.9	(1)	(1)
Bedford	1.8	------	------	------	------	0.4	2.8	0.6	------	------	------	------	------	0.8	2.7	1.6	------
Berks	0.8	(2)	0.8	(2)	------	0.8	1.3	1.7	------	------	------	------	------	1.4	2.2	1.1	------
Blair	2.0	(2)	2.6	(2)	------	0.6	2.9	(1)	------	------	------	------	------	4.7	4.4	0.4	------
Bradford	1.7	------	------	------	------	1.2	2.4	0.5	0.6	------	------	------	------	1.2	2.1	1.6	1.7
Bucks	0.9	------	------	------	------	0.6	0.8	1.1	------	------	------	------	------	0.9	1.5	0.6	------
Butler	1.4	0.1	1.1	0.3	------	2.1	2.4	0.6	------	0.3	1.2	(2)	------	1.9	3.8	1.0	------
Cambria	1.2	(2)	(2)	(2)	------	0.9	2.6	(2)	------	1.2	3.4	(2)	------	1.9	4.1	(2)	------
Cameron	1.7	------	------	------	------	4.5	(2)	1.2	0.9	------	------	------	------	5.9	(2)	3.4	2.6
Carbon	2.5	------	------	------	------	2.5	2.6	1.7	2.8	------	------	------	------	4.4	2.4	2.2	1.6
Centre	1.2	------	------	------	------	0.7	2.0	(2)	(2)	------	------	------	------	1.6	1.9	(2)	(2)
Chester	1.0	0.	(2)	1.9	------	1.1	1.6	1.0	------	------	------	------	------	0.8	1.0	1.2	------
Clarion	2.7	------	------	------	------	1.4	2.1	1.0	1.2	------	------	------	------	2.1	3.2	4.9	5.6
Clearfield	3.3	2.4	2.3	2.8	1.5	1.9	2.6	2.3	2.2	------	------	------	------	2.9	5.2	4.6	4.4
Clinton	1.8	0.8	3.0	(2)	------	0.7	3.2	(2)	------	------	------	------	------	1.3	2.6	0.4	1.0
Columbia	1.3	------	------	------	------	1.0	1.2	0.9	0.6	------	------	------	------	1.8	1.0	4.0	0.6
Crawford	2.6	0.2	4.4	2.0	------	2.0	3.0	2.6	------	------	------	------	------	2.1	2.7	3.4	------
Cumberland	1.3	------	------	------	------	1.5	1.8	(2)	------	------	------	------	------	1.6	1.7	(2)	------
Dauphin	0.9	0.1	0.2	0.7	------	2.8	3.2	(1)	------	3.7	6.6	(2)	------	0.9	2.4	0.1	------
Delaware	2.5	(1)	2.6	0.5	------	1.5	2.4	0.1	0.3	1.2	5.4	0.4	0.2	0.9	5.1	0.2	0.3
Elk	2.1	------	------	------	------	0.4	2.9	0.3	0.3	------	------	------	------	2.5	3.3	1.8	1.8
Erie	1.6	0.9	1.7	1.5	------	1.9	2.3	1.1	------	1.0	1.2	1.0	------	3.1	4.1	0.9	------
Fayette	2.2	(2)	4.6	(2)	(2)	1.3	3.6	(2)	(2)	------	------	------	------	2.6	3.3	(2)	(2)

Forest	1.6	------	------	------	------	3.1	3.7	(2)	(2)	------	------	------	------	2.8	1.7	0.2	0.3
Franklin	0.6	------	------	------	------	(1)	0.6	(2)	------	------	------	------	------	0.4	1.6	(2)	------
Fulton	2.4	------	------	------	------	1.4	1.0	0.3	------	------	------	------	------	2.3	3.2	1.6	1.4
Greene	0.5	------	------	------	------	0.9	0.9	0.7	------	------	------	------	------	0.2	0.7	0.2	------
Huntingdon	2.0	------	------	------	------	0.8	2.4	1.5	------	------	------	------	------	1.3	3.6	1.4	------
Indiana	2.5	------	------	------	------	0.9	1.8	0.7	------	------	------	------	------	2.1	3.7	3.6	------
Jefferson	2.1	------	------	------	------	2.1	2.7	0.1	------	------	------	------	------	1.4	3.0	0.7	0.3
Juniata	0.6	------	------	------	------	(2)	0.3	(2)	(2)	------	------	------	------	1.0	1.2	(2)	0.1
Lackawanna	1.5	0.5	(2)	(2)	(2)	4.4	3.0	1.1	5.7	3.6	19.3	5.7	3.5	2.4	7.2	3.4	9.8
Lancaster	1.3	0.5	2.7	4.2	------	0.6	1.2	2.0	------	------	------	------	------	1.2	1.0	1.0	------
Lawrence	1.0	(2)	0.8	(2)	1.8	0.2	2.0	(1)	(1)	------	------	------	------	1.6	3.3	0.3	0.2
Lebanon	1.0	1.2	(2)	(2)	(2)	0.2	1.0	4.7	(2)	------	1.0	4.2	(2)	0.4	1.5	4.3	(2)
Lehigh	1.4	0.3	1.5	1.9	------	0.8	2.4	2.5	------	1.3	2.0	2.0	------	0.7	2.3	2.7	------
Luzerne	1.1	0.9	(1)	(2)	0.8	0.5	2.2	4.5	2.0	0.8	0.5	1.1	0.7	1.4	2.8	3.8	0.7
Lycoming	1.3	0.8	1.7	1.5	0.9	1.6	1.2	1.0	1.0	------	------	------	------	1.1	1.6	1.0	1.3
McKean	2.2	1.0	1.5	2.9	(2)	1.9	3.1	3.9	2.2	------	------	------	------	1.5	2.7	4.3	2.0
Mercer	1.4	0.7	1.6	2.0	------	0.9	0.8	2.3	------	------	------	------	------	0.7	1.9	2.9	------
Mifflin	1.3	------	------	------	------	0.2	0.6	(1)	------	------	------	------	------	0.6	4.3	0.1	------
Monroe	1.5	------	------	------	------	0.7	1.4	1.2	1.1	------	------	------	------	1.6	1.6	2.3	2.4
Montgomery	2.5	------	------	------	------	1.4	2.3	1.5	------	1.7	2.1	4.8	------	1.7	5.2	1.8	------
Montour	0.3	------	------	------	------	(2)	(2)	(1)	------	------	------	------	------	0.1	1.1	0.7	0.7
Northampton	1.2	0.6	1.5	0.9	------	0.6	1.6	1.1	------	------	------	------	------	1.6	1.9	1.6	------
Northumberland	1.0	0.7	0.1	(2)	1.1	0.5	0.6	0.1	1.4	0.9	1.8	(2)	1.5	1.5	1.8	0.7	1.2
Perry	1.3	------	------	------	------	0.8	1.4	1.4	------	------	------	------	------	0.4	1.6	2.0	------
Philadelphia	0.2	0.2	0.3	------	(2)	------	------	------	------	------	------	------	------	------	------	------	------
Pike	1.0	------	------	------	------	0.4	1.0	0.4	0.3	------	------	------	------	0.6	1.9	0.5	0.5
Potter	2.1	------	------	------	------	0.5	5.6	(2)	(2)	------	------	------	------	0.5	3.0	(2)	(2)
Schuylkill	1.1	1.0	3.8	(2)	------	1.5	1.7	0.2	------	------	------	------	------	0.7	0.7	0.1	------
Snyder	0.9	------	------	------	------	0.4	1.1	0.3	0.3	------	------	------	------	0.4	0.8	2.5	0.8
Somerset	3.8	------	------	------	------	1.6	2.5	2.2	------	------	------	------	------	3.3	5.4	6.0	------
Sullivan	2.1	------	------	------	------	2.3	3.2	1.2	0.9	------	------	------	------	2.0	2.6	1.0	1.9
Susquehanna	1.8	------	------	------	------	0.8	1.7	1.4	2.9	------	------	------	------	2.3	2.5	1.4	2.2
Tioga	1.5	------	------	------	------	0.6	1.6	0.6	0.5	------	------	------	------	1.3	3.7	0.2	0.2
Union	0.6	------	------	------	------	0.1	0.9	(2)	(2)	------	------	------	------	0.5	1.2	0.1	0.1
Venango	0.9	(2)	0.6	0.3	0.4	1.1	2.0	0.5	0.9	------	------	------	------	1.4	2.0	2.1	2.2
Warren	1.0	------	------	------	------	0.1	0.2	0.1	------	------	------	------	------	2.4	3.0	0.9	------
Washington	2.4	0.2	0.9	3.0	------	2.4	2.9	2.5	------	0.8	(2)	7.5	------	1.6	3.8	1.9	------
Wayne	1.8	------	------	------	------	1.1	1.4	1.4	0.5	------	------	------	------	1.6	2.6	1.8	1.8
Westmoreland	2.7	0.4	0.4	1.6	------	2.2	2.6	2.0	------	------	------	------	------	3.6	4.5	3.3	------
Wyoming	2.5	------	------	------	------	1.5	6.0	1.3	0.9	------	------	------	------	1.3	2.6	1.0	1.1
York	0.8	(2)	(1)	1.1	------	0.7	1.5	0.8	------	0.9	1.8	0.6	------	0.7	2.0	0.9	------

(1) Exonerations amount to less than one-tenth of one per cent.
(2) Exonerations not reported.

On the other hand, there are hundreds of small boroughs and townships where the exoneration allowed in 1927 and 1928 did not equal one-tenth of one per cent of the tax levied. The high percentages shown in Tables 1 and 2 are due to the fact that in some of the larger municipalities as high as 20 per cent of the total tax levied is finally exonerated and the tax collector released from his duty to collect it. In one township in Adams County 9.6 per cent of all taxes were exonerated, in one township in Armstrong County 13.5 per cent, in one township in Lackawanna County 19.3 per cent, and in one township in Cambria County 22.2 per cent.

The problem of exonerations can only be solved by the local authorities who accept the excuses offered by the tax collector. Where the collector is excused from collecting a tax because it was levied by mistake or where in the case of a personal tax the taxpayer has died, or moved out of town, there is really no problem presented. The looseness of the present system lies in accepting such excuse as "sickness," "out of work," "cant pay," "too old," etc.

Too often the authorities do not take a personal interest in checking the lists as presented by the local collector, but rely on his statement that the tax cannot be collected. Some improvement would result if every collector was compelled to submit his list with an affidavit that he had exhausted all available legal remedies to collect the tax in question. More publicity should also be given to the list, both before and after it has been accepted by the authorities. The School Law[76] in so far as it applies to second, third, and fourth class districts, provides that the school board may, in its discretion, advertise once a week for not longer than three weeks in a newspaper of general circulation in the district, the names of all persons who have been exonerated by the school board, but very few such lists have ever been published.

If the authorities empowered to grant exonerations were *compelled* by law to publish a list containing the name of each person exonerated, the amount of the tax excused in each case and the reason for the exonerations, many of the present abuses would cease altogether and even the "errors," "duplications," etc., would soon be greatly reduced in number. Such a list should be sworn to by a duly authorized agent of the taxing district and published in a conspicuous place.[77]

SUMMARY.

The main points covered in this chapter may be briefly summarized as follows:

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[76] Section 545, Act of May 18, 1911, P. L. 309.

[77] Such requirement might also prevent some tax collectors from accepting payment from a taxpayer and then adding such taxpayer's name to the exoneration list and pocketing his money. This scheme in one form or another is being tried constantly.

1. There is an army of local tax collectors in the State of Pennsylvania due to the highly decentralized system whereby each city, borough, town, and township has at least one, if not two or more, collectors. In Philadelphia and Scranton, and in the majority of first class townships, all taxes are collected through one office. In Pittsburgh there are two separate offices, one for the payment of city and school taxes, the other for county taxes. In the majority of the third class cities there are at least two separate collectors, one for city and school taxes, the other for county taxes. In many of the cities there is a separate school tax collector, a separate city tax collector, and a separate county tax collector. Some cities have a separate collector of county taxes in each ward. There is a tendency today, not only to abolish ward collectors, but to centralize the collection of taxes of every kind under one man.

2. With the exception of the collector of county taxes in third class cities and a few special school collectors approved by the school board, all tax collectors are elected for a term of four years. No particular qualifications are required by law and local politics is the controlling influence in the selection of nearly all collectors.

3. All tax collectors are required by law to furnish a bond conditioned on the faithful performance of their duties. The amount of the bond is usually left to the discretion of the officials of the taxing district requiring it and varies from 10 per cent of the face of the tax duplicate to 3 times the total duplicate. Many districts accept the personal bonds of individuals and the security thus obtained often proves inadequate. There is no uniformity as to who pays the premiums on corporate bonds. The suggestion is made that the acceptance of personal bonds should be discontinued entirely and all premiums on corporate bonds paid for directly by the tax levying authorities.

4. Ample provision is made in the law whereby the collector may employ all the clerical assistance necessary. Usually the services of deputies, clerks, assistants, etc. are paid for personally by the tax collector. It would be a better policy in the majority of cases for the taxing district to pay for such services directly. Under the present system many of the collectors become local political powers, whereas the office of tax collector should be divorced from politics as much as possible and conducted as a business rather than a political office.

5. Necessary supplies, such as office equipment, stationery, books, etc., are usually furnished by the municipality concerned. The law in most cases requires that the collector be reimbursed for the postage used in sending out tax bills, but there are many places in the State where this provision of the law is ignored.

6. Collectors are required to turn the money collected over to the proper authorities at certain intervals—usually once a month—but there are many times when the authorities demand it sooner and also

many cases where the collectors turn it over only when they get ready.

7. Monthly and annual reports and final settlements are provided for by law and are usually submitted as required. There are hundred of instances, however, where the collector does not make a monthly report in writing as required by law, although he may turn the money over monthly, or when asked to do so. In many cases where the monthly report is not made the fault is with the local authorities—not the tax collector.

8. Over 1 per cent of the total tax levied in the State is lost because the local authorities exonerate its collection on the theory that the tax was levied by mistake, or that the taxpayer could not be found, or that he was not able to pay the tax. In some districts these exonerations amount to from 5 to 20 per cent of the tax levied. Many exonerations are allowed due to political considerations and personal friendships. Only closer supervision on the part of the officials authorized to allow exonerations can solve this important problem.

CHAPTER III

METHODS AND DEVICES ADOPTED IN COLLECTING TAXES

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CHAPTER III

METHODS AND DEVICES ADOPTED IN COLLECTING TAXES

The purpose of this chapter is to present and discuss the various methods and devices used by tax collectors in collecting taxes. Some of the questions considered are regulated by statute, some are controlled by the tax levying authorities, and others are left entirely to the discretion of the individual collector. While it is true that each community is entitled to have its taxes collected economically, conveniently, and efficiently, yet whether they are so collected in fact depends to a considerable extent on the steps taken by the collector to get the money paid.

The number of office hours; whether daytime, evening, or both; the number of places taxes are payable; whether the collector calls on the taxpayer for the tax;, etc., are all questions bearing on the problem under consideration.

There is a growing tendency today to pay taxes by mail, thereby saving the time of both the taxpayer and the collector. To what extent is this done now and what are the future possibilities?

With one or two exceptions the law does not provide for the payment of taxes on the installment plan, nevertheless many collectors receive taxes in partial payments and this practice will be considered.

In a few places in the State taxes may be paid by the taxable directly to a bank, which in turn hands the money over to the proper authorities or credits it to their account. Some people are of the opinion that this is the solution of the local tax collector's problem. What are the advantages and disadvantages of this method of payment?

Do the methods now used in collecting taxes result in receiving the money when it is needed, or must local projects, payrolls, etc., be held up because taxes are slow in coming in? The policy of allowing discounts for prompt payment will be considered and the extent to which such a device stimulates payment will be shown in some detail. The necessity for imposing a penalty for late payment will be discussed and the influence such penalty has on the tardy taxpayer pointed out. These and like questions will be considered in relation to the effect they have on the convenient, efficient, and economical collection of taxes.

DAYS, HOURS, AND PLACES TAXES ARE PAYABLE.

In the City of Philadelphia city and school taxes are paid either at the annex to City Hall or one of the eight branch offices located in different parts of the city. In Pittsburgh city and school taxes are paid at the City Hall, while county taxes are paid at a separate office in the County Court House located next door. In both cities the office hours for tax payment are the same as for the conduct of other city or county business. In the City of Scranton all taxes are payable at one office, which is located in the basement of the County Court House.[1] By law the office is required to be closed on Sundays and legal holidays, but must be kept open for business from 9 A. M. to 5 P. M. from Monday to Friday, and from 9 A. M. to noon on Saturday. No provision is made by law for the payment of taxes in the evening but the office is kept open later than the usual rour during the rush periods, at the discretion of the collector.

In the cities of the third class, city and poor taxes are required to be paid at the office of the city treasurer, which is usually located in the city hall or other municipal building. Office hours are generally from 9 A. M. to 5 P. M. During the rush periods, which are usually a few days before the discount period ends and a few days before the penalty period begins, some of the city treasurers keep their offices open to 10 P. M. There are no branch offices and the collectors make no attempt to collect the taxes personally until after they become delinquent.

If the city treasurer also collects school and county taxes they are collected at the same place and at the same hours as city and poor taxes. A different situation exists where the school or county tax is collected by some one other than the city treasurer. In some cities where there is a separate school tax collector he has his office in the school administration building. Such is the case in Allentown, Reading, and possibly in one or two other cities. In Erie the office of the school tax collector is in the basement of the public library. In Easton it is in the private office of the collector, who is an insurance broker.

Where the county tax is collected by a single collector appointed by the county commissioners his office is usually in the county court house if the city is the county seat. Reading and Uniontown are exceptions. In one city county taxes are collected in an insurance office while in another they are collected at a gasoline station located near one of the entrances to the city.

The tax collector's office should be centrally located to be most convenient to the majority of taxpayers. With only one exception is the city treasurer's office so located—or at least located in the business or shopping centre of the city.

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[1] The Court House is ideally located for tax collection purposes but the space provided in it for the tax office is not desirable, considering the thousands of taxpayers who must visit it several times a year, and the floor and wall space is wholly inadequate even for present needs.

A sharp contrast is noted when one compares the conditions just described with the conditions existing in 8 cities[2] where county taxes are collected by ward collectors. Usually there is a different collector for each ward in the city. Occasionally one man collects in two adjoining wards. Rarely do these collectors have established offices or office hours. As a general rule the taxpayer must go to the home of the collector in the evening, or on a Sunday or holiday. If the collector is not at home he must return until he finds the collector in. In some cases the collector calls at the home of the taxpayer but the latter does not know when to expect him, if at all. Since the collector receives a much higher commission on taxes collected after they become delinquent there is little incentive for him to visit the taxpayer until the penalty period has begun. If a taxpayer owns property in more than one ward he must look up the collector in each ward in which he has property. It is impossible for him to pay all his county taxes to one collector, or even on the same day, since all ward collectors in the same city do not start collecting at the same time.

Another objection to this method of collection is the fact that these ward collectors are frequently changed. For political reasons it seems desirable for the appointing authorities to pass these jobs around rather freely. Many collect for one year only, some for two years, and a few for a longer period. There are two objections to short appointments: First, one or two years' service doesn't give the collector time to become familiar with the work he has to perform; second, the taxpayer has to learn all over again every year or two who the collector is, where he lives, and when he will likely be at home to receive taxes. The system, therefore, results not only in confusing and inconveniencing the taxpayer, but in leaving a large amount of the tax uncollected each year.[3] In addition, the compensation allowed these ward collectors is out of all proportion to the service rendered, as will be pointed out in some detail later on.

Except as a means of paying political debts, the writer can find little merit in such a system. The taxpayers are not satisfied with present conditions in these cities and many complaints and objections are continually being made. One city treasurer told the writer that last year no fewer than three hundred people asked him, when they came in to pay their taxes, why he could not collect the county tax in addition to city and school and save them so much trouble and worry. Legislation now exists whereby the county commissioners may appoint one collector of county taxes for the entire city. In the last five years the commissioners of several counties have abolished the ward system in favor of a single collector. There is every evidence that other counties will in time do likewise.

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[2] These cities are Bethlehem, Franklin, Lebanon, Lock Haven, Meadville, Oil City, Titusville and York. County taxes may be collected by ward collectors in two or three additional cities where information could not be secured.

[3] Sometimes the county authorities compel the collector to pay over at the end of each year the total amount of outstanding taxes and if this is done the taxing district has its money and the collector looks directly and personally to the taxpayer for reimbursement. The only objection to this is that some collectors use oppressive methods or stoop to petty grafts, since the authorities are out of it and the whole affair is a personal one between the collector and taxpayer.

In the cities of the State, taxes are *received,* not collected.[4] In Philadelphia, as was previously pointed out, the collector is officially called "The Receiver of Taxes." Some of the separate school tax collectors have put "Receiver of School Taxes" on their tax bills, although there is no authority in law for such a distinction. Many city collectors feel that the word receiver more accurately describes their position and they dislike being classified as mere "collectors."

The situation is somewhat different in some of the boroughs and townships. The law requires that the collector sit on certain days for the purpose of receiving taxes. Sometimes the collector is required to go from place to place through his township or borough and is therefore a collector in one sense of the word. The General Borough Act on this point provides as follows:

> "The collector of taxes shall, in person or by some person duly authorized, be in attendance for the purpose of receiving and receipting for taxes on Thursday, Friday, and Saturday of each week, during the last two weeks of the period during which an abatement (discount) is allowed, between the hours of two and six o'clock in the afternoon."[5]

Many boroughs and townships also require that the collector sit at different places in the district in order to give the taxpayer a better opportunity to appear and pay his taxes promptly and with as little inconvenience as possible Especially is this true in townships of the second class. The collector usually prints on the bill he sends out to the taxpayer the places, days and hours that he will sit to receive the money. Sometimes additional notice is given by publishing the information in the local papers.

The writer received information from 234 collectors in second class townships showing the number of places in each township where taxes could be paid at stated times. In 60 townships, or one-fourth of the number heard from, the collector sat at one place only in the township; in 45 townships he sat at two places; in 43 townships he sat at three places; in 23 townships he sat at four places. Collectors in 33 townships held office from five to ten different places during the year. Several collectors in the more sparsely settled communities stated that they drove by automobile from house to house to collect taxes and did not hold regular office hours at any one place in the township. On the other hand, like information received from 217 boroughs shows that in 171, or nearly 80 per cent of those heard from, the collector sat at one place only in the borough, and usually at his home or place of business. In 43 boroughs he sat at two places and in three boroughs, three or more places.

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[4] A slight attempt is made in some places to "go after" the delinquent taxpayer and this will be discussed in Chapter V under Tax Delinquency.

[5] Section 1305, Act of May 4, 1927, P. L. 519.

NOTICE TO TAXPAYERS THAT TAXES ARE PAYABLE.

The law generally requires that the collector of taxes give notice to the public when he has received the tax duplicate, together with a warrant authorizing collections. Such notice is usually required to be given by newspaper advertisement or by notices posted in at least 10 conspicuous places in the tax district. The purpose of the notice is to inform the taxpayer that his taxes are due and that the collector is ready to receive payment.

In addition to such general notice the law requires in some cases that an individual tax bill be mailed to the taxpayer. The mailing of a tax bill is important for two reasons. First, it brings to the attention of each individual taxpayer the fact that his taxes are due, informs him of the exact amount due, and the time and place payment may be made. This is a convenience to the taxpayer which is always appreciated. Second, the personal receipt of the bill by the taxable often serves as a stimulant to the early payment of the tax. When such is the case the taxing district benefits by receiving the money earlier than it would if the taxpayer were first put to the trouble of ascertaining the amount of his bill and the date due.

In Philadelphia and Pittsburgh individual tax bills are prepared but are not delivered to the taxpayer unless he calls for them in person or writes asking that they be mailed to him. In Philadelphia, if the bill is to be mailed, the taxpayer must enclose return postage with his request. In Pittsburgh return postage, under like circumstances, is not necessary.[6] Several times in recent years it has been suggested to the Receiver of Taxes in Philadelphia that a bill be mailed to the last known address of each taxable on the tax duplicate. Two reasons have been offered by those in authority as to why such a bill has not been mailed: First, the cost involved; second, the fact that since the Philadelphia office handles over five hundred thousand separate accounts the task of securing the addresses and keeping them up to date would be a very heavy one. The fact that thousands of properties are transferred every year and in many cases the same property is transferred to a different owner several times in the same year adds to this burden, as the city officials point out.

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[6] *Methods of Collecting Real Estate Taxes in the Larger Cities of the United States.* Bureau of Municipal Research of Philadelphia, May, 1927, p. 14.

These objections, however, can be answered. As to the cost involved, the Philadelphia Bureau of Municipal Research[7] estimated in 1926 that with the installation of modern addressing machines an allowance of $15,000 a year should cover the cost of postage and envelopes. For the first year or two the cost might be a little higher. Assuming that it cost twice this figure, the fact remains that when compared to the convenience which would result to hundreds of thousands of tax payers, the cost is insignificant. Under the current practice the taxpayer must pay eight cents postage if he sends for his tax bill, returns the taxes by mail and asks for a receipt. If he pays the tax in person he must pay four cents postage to secure his bill and then make a trip to City Hall, or to one of the branch offices. In thousands of cases the taxpayer actually makes two visits to the office, one to obtain the bill and the other to pay it. Each time he calls he must be waited on by some one and this results in the loss of time to all concerned. It can hardly be doubted that many more people would pay their taxes by check or money order if bills were mailed out. The second objection, that the addresses could not be kept up to date, is not a valid one. It would undoubtedly take some time to prepare a permanent list, but once prepared, corrections could be made from year to year with very little extra work.

The problem of mailing tax notices is not any different in Philadelphia and Pittsburgh than it is in other cities of the country having large populations. Information obtained from a questionnaire sent out in 1926 by the Philadelphia Municipal Research Bureau showed that the following large cities mailed individual tax bills: Chicago, Detroit, St. Louis, Boston, Baltimore, Los Angeles, San Francisco, Minneapolis, Seattle, Denver, Toledo, and Duluth.[8] There is no valid reason why Philadelphia and Pittsburgh should not be added to this list. It is likely that the cost of keeping an accurate list, as well as the expenses of postage, etc., would be more than offset by the saving which would result from releasing many clerks whose chief duties now are to locate and give out bills when requested. To what extent the City would benefit by receiving a larger share of its money at an earlier date is problematical, but undoubtedly there would be a saving. At the present time Philadelphia is embarrassed almost monthly by being compelled to borrow money to pay operating costs, salaries, etc., because taxes are slow in coming in.

Contrast the inconvenience the taxpayer is put to in Philadelphia and Pittsburgh, in regard to obtaining his tax bill, with the situation as it exists in cities of the third class. Almost all of these cities accommodate the taxable by delivering his tax bill to him. Sometimes the bill is delivered by mail, sometimes by personal delivery. In Altoona and Reading, newspaper notice only is given as to city taxes, although bills are sent on request. However, school and county tax notices, even in these cities, are mailed by letter.

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[7] *Citizens Business*, No. 742, August 10, 1926.

[8] *Methods of Collecting Real Estate Taxes in the Larger Cities of the United States.* Bureau of Municipal Research of Philadelphia. May, 1927, p. 13.

In the following cities a postal card bill is sent: Butler, Corry, Erie, Franklin, Greensburg, Lebanon, Monessen, Monongahela, New Castle, Sharon, Sunbury, Titusville, Washington, and Wilkes-Barre. Some of these cities at one time sent bills by letter but found that they could reduce the mailing costs by more than half by using a postal card.[9] The use of the card has not been objected to by the taxpayer as making his tax bill too public, although some collectors in cities not using the card system consider an open bill objectionable for that reason. Most of the collectors who use a postal card have it printed in such a way that when cut in two, one part serves as a record for the collector and the other as a receipt for the taxpayer.

Tax bills are mailed out in sealed envelopes in the following cities: Bethlehem, Carbondale, (except for county taxes, in which case no notice is given) Clairton, Du Bois, Duquesne, Easton, Lock Haven, Harrisburg, (at least for county taxes) Oil City, Scranton, Uniontown, and Williamsport. In seven additional cities tax bills are mailed but the writer was unable to ascertain whether cards or letters were used. These cities are: Connellsville, Hazleton, Johnstown, McKeesport, Meadville, Pittston, and Pottsville.

In the City of Allentown the city tax bill is mailed out by the local assessors and not by the tax collector. School tax bills are delivered personally by the janitor of the school district and county bills are mailed by the county tax collector. In the City of Lancaster the local ward assessors personally deliver all tax notices to the owners of real estate. The City of York has still another method of notifying taxpayers. For city taxes the city police deliver the bills, while the burden of delivering school tax bills falls on the school teachers of the district.

In the case of boroughs and townships the law specifically requires that each taxable be given a notice in writing of the amount of taxes owed by him. In respect to boroughs the law reads:

> "Each tax collector shall, within thirty days after receiving the tax duplicate, notify each taxable whose name shall appear on said duplicate. Such notice shall contain the rate of taxation, the valuation of the property of such taxable, the occupation of such taxable, and the full amount of taxes for which said taxable shall be liable for the current year. Such notice shall further state that such taxes are payable, shall designate a place and time when they shall be paid, and shall further state the time within which an

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[9] One city treasurer, by making this change, saved the city and school board together a little more than two thousand dollars in the first three years he held office.

> abatement of the tax will be allowed, when the full amount of the tax will be collected, and when an additional percentage will be added as a penalty. Such notice shall be mailed to the last known post office address of each of said taxables.''[10]

Provisions containing about the identical language of the Act quoted above apply to the collectors of taxes in townships of both the first and second class.[11]

Before any collector in any township or borough is entitled to any allowance for commissions due him he must make an affidavit setting forth that he has served notice by mail on each taxpayer in his district in accordance with the above laws. A special penalty in this regard is imposed on the tax collector in townships of the first class. Section 401 of the Township Code referred to above, provides that the collector shall not be entitled to any commissions on taxes received by him from any taxable not notified by mail, as required by the law.

In many of the larger boroughs and townships notices are sent out by letter, while a large majority of the collectors in the smaller communities use a postal card.

WHEN TAXES ARE PAYABLE.

In a majority of the taxing districts in the State the various kinds of taxes levied do not fall due at the same time of the year. Because of this fact the collector is put to the trouble and expense of sending from two to three bills on the same property to the same taxable in one year. This is one feature of the present system which increases unnecessarily the work of the collector and results in much inconvenience to the individual property owner. The borough or township tax bill may be mailed in February or March, the school bill in July or August, and the county at most any time at all. One reason for this duplication of tax billing is the fact that in all second, third, and fourth class school districts the fiscal year starts the first Monday in July instead of January first,[12] which is the time the fiscal year starts for all cities, counties, boroughs, and townships in the State. This means that the collector does not receive the school duplicate until the middle of the year, and after he has sent each taxpayer a bill for city, borough, or township taxes.

The school law compels the collectors to start collections at once and to mail out statements within 30 days from receipt of the tax duplicate. In many places the school duplicate is prepared and delivered to the collector in time for the latter to have all the bills in the mail by July 1. On the other hand, in some of the cities the bills are not received by the taxable until around the first of August. Sometimes the county duplicate is received by the tax collector in time for him to bill the county tax along with the local municipal tax, and sometimes it is billed with the school tax. Nevertheless, there are many districts scattered all over the State where the county duplicate is received too late to enable the collector to bill school and county taxes together and he therefore must send a third bill to each taxpayer.

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[10] Section 1307, Act of May 4, 1927, P. L. 519.

[11] Section 401 and Section 425 of the General Township Act of 1917, P. L. 840.

[12] Or the first Monday in January.

In the City of Philadelphia city and school taxes are put on the same bill and are due and payable at the same time. The same is true for the cities of Lebanon, New Castle, and Connellsville. In Lebanon and New Castle the collector starts collecting around the first of April regardless of the fact that the fiscal school year does not start until July 1. The present law pertaining to cities of the third class allows a discount of one per cent on city taxes paid during the months of March and April. The action taken by taxing authorities in these two cities cuts the discount period in half. In other words, in these two cities in order to collect both city and school taxes on the same bill at the same time those in charge delay the city bills one month and advance the school bills three months. In Connellsville the two tax bills in question are presented and payable on July 1. How this city gets around the discount law the writer does not know.[13] In any event the citizens are enabled to pay both city and school taxes at one time. County taxes in these cities are paid at a later date.

In all the other cities of the State the taxpayer receives three separate bills and usually each bill is payable at a different time, often to a different collector. In a majority of the third class cities, city taxes are payable March 1 and the school taxes July 1. In a few of these cities the county tax is payable in April; in some in May; in others in June; in several in July; and in the remainder in August or September. In many cases a taxpayer receives two bills for two different kinds of taxes at the same time (on separate statements and in individual envelopes) from the same collector. Some cities even go to the expense of sending out one bill for the city occupational tax and a separate bill in a separately stamped envelope for the city tax on real estate.

A taxpayer living in a borough or township is, as a rule, not bothered with as many tax bills as is a city resident. While there is no uniformity in either the boroughs or townships in respect to the number of tax bills received per person, the tendency is to combine two or more of the local taxes on one bill, made payable at the same time and place. This tendency is much more pronounced in boroughs than it is in townships of the second class. Many of the collectors in first class townships list *all* taxes on one bill but do not mail it until around the first of August or September. Having all taxes listed on one bill is a convenience to the taxpayer, but the delay in mailing means that the local governments, as well as the school and poor districts, must wait until the year is three-quarters over before they receive current taxes. In turn this necessitates carrying money over from one year to another, or compels the authorities to borrow in anticipation of tax collections, thereby unnecessarily adding to the cost of government.

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[13] Inquiry on this point addressed to the proper city official received no response.

Data gathered from 254 boroughs show that in 168, or in only 65 per cent of them, all taxes were entered on one bill made payable at one time. Assuming that these 254 boroughs fairly represent the situation in the State, then around 60 per cent of the tax collectors in boroughs mail but one original tax bill to each taxable in a year. In 60 boroughs, or one-fourth of all heard from two bills were mailed, while in 26 additional boroughs the taxpayer received three bills. Like information was received from 270 second class townships. Here the taxpayer received a single bill in only 61 instances, or in about 23 per cent of the townships reporting. In 153 townships two bills were sent and in 56 townships three bills. In other words, in over 75 per cent of the townships heard from more than one original bill was mailed to each taxpayer.

If the tax levying authorities in each political subdivision of the State would prepare and hand over their tax duplicates to the tax collector at one time, the taxpayers would be saved a lot of annoyance and the work of collecting taxes made much simpler. Of course these duplicates all coming at one time would have to reach the collector in time to allow him to prepare his bills before the taxes become legally due, but there is nothing impossible about that, as is seen from the fact that many communities do it today in spite of conflicting laws. and many communities in other states do it as a part of a smooth operating system.

Before such a change could be made legal the school laws, and possibly others, would have to be revised. The writer has talked with many collectors in different parts of the State who have collected taxes by sending three separate bills, but who are now using a consolidated statement. They all praised very highly the latter system, not only from the standpoint of cost, but also the convenience to both collector and taxpayer.

It should be pointed out before passing that the method of collecting each tax levied at a different time of the year serves unintentionally to accommodate a portion of the people who cannot accumulate enough money to pay all their taxes at one time. This advantage exists, however, in only the few places where one bill is payable early in the year; another, usually the school tax, the middle of the year; and a third, usually the county tax, near the end of the year. In an overwhelmingly large majority of the taxing districts of the State all bills, whether one, two, three, or four, fall due between the months of March and August and therefore do not evenly spread the taxpayer's burden over the year. It is believed that a better method, and one which would equally accommodate all classes of taxables, as well as the various municipal units concerned, would be to have all taxes fall due at the same time, listed on one bill, but payable by installments at the election of the individual taxpayer.

PAYMENT OF TAXES BY INSTALLMENTS.

In General.

The expenses of running the various local units of government are paid from current tax collections. Supplies must be purchased; salaries of employes, firemen, policemen, and school teachers provided. In order to meet these obligations when they fall due it is necessary that the local authorities always have on hand a certain portion of the year's taxes. It is therefore not enough that taxes be collected during the year. It is highly desirable that their collection be spread more or less evenly over the year, or that at least a substantial part be received early in the year.

There are at the present time three common devices used to produce a steady flow of money into the public treasury. One is the periodic payment of taxes by the taxpayer, another is the allowance of a discount for early payment, and still another is the addition of a penalty for late payment. Only the first, the partial payment plan is discussed at this time.

There are several types of installment plans for paying taxes in use in different parts of the country. The plan in general use today provides for two equal payments of the tax, one to be made in January or February; the other in July or August. Sometimes the first payment falls due in March and the last in September. Another plan is to divide the tax year into quarters and permit one-fourth of the tax to be paid in each quarter. In some cities outside of Pennsylvania each installment period is considered as a separate unit and the failure to pay one installment at the proper time does not prevent the taxable from taking advantage of a subsequent installment period. In other cities the whole amount of the tax is considered due and payable on a given date and if the taxpayer does not pay the first installment on time he forfeits the right to pay by installments and must pay the full amount at one time. Usually, periodic payments cover real estate taxes only and personal, poll, occupational, etc., taxes are collected in full at one time. The following cities, all outside of Pennsylvania, permit installment payments: New York, Detroit, Cleveland, Boston, Los Angeles, Buffalo, San Francisco, Minneapolis, Cincinnati, Seattle, Indianapolis, Toledo, Denver, Columbus, Portland, (Oregon), Des Moines, Duluth, and Hoboken.[14]

As was stated above, the primary object in permitting periodic payment of taxes is to secure a more even and continuous flow of money into the hands of the local treasurer. A second valid reason for the plan is, however, that it is easier for the taxpayer to pay a part of his tax at one time and a part at another than it is to pay it all in one lump sum. People are accustomed to paying mortgages semi-annually or life insurance premiums semi-annually, or quarterly, etc. Furthermore, the installment method of paying for things is so well established that many people find it difficult to make a personal budget which will permit the paying out of a large sum of money for one thing at any one time. Many taxing authorities realize this fact and are applying the methods of the business world to the collection of taxes.

Still another argument often heard in favor of the installment plan is that it does not compel the taxpayer to pay all of his tax until it is all needed, and that in the meantime he is entitled to receive the interest on his money. The argument is valid enough in theory but in actual practice so many people fail to pay any part of their taxes during the first half of the year that the local authorities are always in need of money and it is impossible, in a large community, to make arrangements whereby one taxpayer will pay his taxes one month, another, some other month, etc.

INSTALLMENT PAYMENT OF TAXES IN PENNSYLVANIA.

In the City of Philadelphia, the Receiver of Taxes is required by an ordinance of City Council, approved December 31, 1880, to accept the payment of taxes in equal sums, or portions, of one-half each. This ordinance, under existing State laws, applies to school as well as to city taxes. A very small proportion of the taxpayers of the city take advantage of this law because they do not know that two equal payments are possible. In the last few years there has been some attempt to acquaint the taxpayer with this fact and the 1931 tax bill has printed on it in large red letters: "HALF OF BILL MAY BE PAID IF DESIRED."

In the City of Pittsburgh, the law expressly provides that all city and school taxes are payable in advance during the months of January, February, and March of each fiscal year.[15] This law, however, gives the taxpayer the option to elect to pay his taxes in quarterly installments. In order to take advantage of this option he must notify the City Treasurer of such fact and make the first payment during the month of January. The second, third, and fourth quarterly payments are due in the months of April, July, and October respectively.

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[14] This information was obtained from a questionnaire sent out by the Bureau of Municipal Research of Philadelphia in 1927.

[15] Section 3, Act of June 15, 1915, P. L. 976.

Starting with the year 1931 the City of Scranton has been making provision for quarterly payments of taxes levied for city purposes.[16] The school, county, and poor taxes, however, remain payable in one lump sum, although all three are not due at the same time in the year. Since all taxes in Scranton are now paid at the same office every effort should be made to have them all fall due at the same time and all payable in installments.

The law is silent in regard to periodic tax payments in the cities of the third class. Whether the taxpayer can pay from time to time as he has the money depends entirely on the discretion of each tax collector. One taxpayer may be accommodated by the collector, and another may not. The city treasurers in five cities informed the writer last year that they were always glad to receive any part of the tax from any one at any time. The City Treasurer in the City of Carbondale stated that he had twelve hundred separate accounts on which partial payments were being made for 1930 taxes. The school collector in the City of Easton exhibited a separate book which he keeps for the convenience of taxpayers who cannot pay all of their school taxes at one time. Several of the city collectors give the taxpayers a "hand receipt" for small payments and enter a notation to that effect on the permanent record. Some collectors will not accept partial payments in sums less than ten dollars. Others will take any amount from a dollar up. Altogether, in 1930, collectors[17] in 15 cities accepted payments on the installment plan but not all of them advertised that fact. In four cities partial payments were received only as a personal favor to the taxpayer. On the other hand, in 10 cities, four of which are among the largest of the third class cities, the collectors did not, in 1930, accept regular installment payments or partial payments in any form. The reason usually given for this refusal to accommodate the taxable was that the acceptance of a part of the tax only, complicated the tax records and added to the clerical work of the office.

There is much merit in this objection, especially in the larger cities where daily balance sheets are prepared showing the name of each taxable and the amount of the tax paid. Since the law does not require the acceptance of a part of the tax the ledgers, account books, balance sheets, etc., are not printed so as to take care of more than one entry for each name. The writer observed that in the cities where part of the tax was accepted at any time, the records were not as carefully kept as in the cities where partial payments were not received. The case of the Easton school tax collector referred to above is an exception.

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[16] Scranton is following the same law applicable to the City of Pittsburgh in this connection since the Legislature provided that in certain respects cities of the second class A were to be governed under laws enacted for cities of the second class.

[17] Does not mean all collectors in each of the 15 cities.

Any system for collecting taxes should make it possible for a taxpayer to pay his entire tax at one time, if he so desires. On the other hand, a system which considers the needs and interests of all concerned should make it possible for the property owner to pay his taxes in at least two equal installments. In fact none of the installment plans in any way inconvenience the citizen who is in a financial position to make full payment at one time. Some kind of an installment plan, however, does make it easier for many people to pay their taxes without wrecking the family budget, and the local authorities receive the money when they need it most.

The tax laws applying to boroughs and townships do not provide for the periodic payment of taxes and the local collectors, like those in the cities, use their own discretion in the matter. The arguments in favor of installment payments apply alike to every taxing district regardless of its size or form of government. It is true, however, that in many of the small communities where governmental activities are kept down to a minimum, there are very few requests made on the collector to accept less than the full amount of the tax. Where such request is made the majority of collectors accommodate the taxpayer by taking the money as he is able to pay it. One question on the questionnaire sent to borough and township collectors asked: "Are taxes payable in installments?" Of the 192 borough collectors who answered the question, 122 answered in the affirmative and 70 in the negative. Out of 216 replies received from township collectors, 117 answered "yes," and 99 "no." In other words, 63.5 per cent of the borough collectors answered "yes" as compared with 54.2 per cent of the township collectors. Over one hundred collectors who returned the questionnaire failed to answer this question. It is very likely that a majority of these accept partial payments but disliked to say so in writing since the law does not provide for such a method of collection.

PAYMENT OF TAXES BY MAIL.

When the tax bill is delivered to the taxpayer, which is usually the case in all Pennsylvania communities outside of Philadelphia and Pittsburgh, he may pay it in one of three ways: First, send a check or money order to the collector by mail; second, make a visit to the tax collector's office, in which event he may pay by cash or by check; and third, pay to the collector when the latter calls at the home or office of the taxpayer. Payment by mail is convenient for both the collector and taxpayer.

Many of the collectors in third class cities urge the people to send their taxes by mail. Usually when payments are so made the taxable pays by check, but in a few cases by post office money order—rarely by cash sent through the mails. In cities tax collectors never go to the taxpayer for the money until after the taxes become delinquent and, as a rule, a special or delinquent collector is then sent.

In the smaller boroughs and townships, especially those located in the agricultural sections of the State, the collector frequently collects from 40 to 50 per cent of his duplicate by calling in person at the home of the taxpayer. Information secured from 203 distinctly rural districts disclosed the fact that in 120 such districts the collectors received 40 per cent or more of the money by calling on the taxpayer in person. On the other hand, out of 307 boroughs and townships in close proximity to large centers of population, only 74 collectors made any attempt to collect by personal visit to the taxpayer. After taxes become delinquent, a few of the last mentioned collectors make some effort to get in personal touch with those people who have not paid.

No attempt has been made by any of the collectors in the State to keep a record of the percentage of taxes paid by mail. However, nearly all of the collectors in cities of the third class gave the writer an estimate on this point for the year 1929. In some cases the figure given was the best guess the collector could make. In most instances, however, the approximation offered was considered by the collector as at least conservative. To a surprising extent people who go to the trouble of visiting the tax office in person pay by check when they get there. A majority of the collectors interviewed also estimated what proportion of the revenue received from the taxpayer *at the tax office* was paid by check. These estimates as given by thirty-two collectors in third class cities are shown in Table 3.

While the figures given are only estimates and may not show accurately the actual situation, yet certain observations may safely be made concerning them. In only seven out of the 32 cases did less than 25 per cent of the local revenue reach the collectors by mail. On the other hand, in 16 cases 50 per cent or more of the total tax collected was paid by the taxpayer's mailing a check for the amount due. In the three instances where the estimate was 70 per cent or more the writer suggested to the collector that the amount seemed high but in each case was told that the percentage named was very near the truth. If these figures mean anything at all it is certainly that a very substantial part of the local revenue in third class cities is collected with a minimum of labor to the collectors.

The last two columns of the table show what percentage of the tax paid at the office of the collector is paid by check, and what per-

TABLE 3.

PERCENTAGE OF TAXES PAID BY MAIL; AND THE PERCENTAGE OF TAXES PAID AT THE TAX OFFICE BY CHECK IN THE CASE OF 32 COLLECTORS IN THIRD CLASS CITIES FOR THE YEAR 1929.

	Per cent of total tax collected—paid by mail	Per cent of total tax collected—paid at the tax office [1]	Per cent of total tax collected—paid at the tax office	
			By check	By cash
1	10	90	60	40
2	60	40	50	50
3	50	50	40	60
4	50	50	65	35
5	20	80	60	40
6	40	60	90	10
7	25	75	50	50
8	20	80	80	20
9	20	80	60	40
10	20	80	80	20
11	20	80	35	65
12	50	50		
13	50	50		
14	20	80	60	40
15	50	50	30	70
16	25	75	50	50
17	25	75	50	50
18	50	50	70	30
19	25	75	50-60	40-50
20	50	50		
21	25	75	60	40
22	25	75		
23	45	55	80-90	10-20
24	70	30	50	50
25	60	40		
26	50	50	50	50
27	40	60	30	70
28	50	50	50	50
29	60	40	40	60
30	80	20	50	50
31	65	35	80	20
32	70	30	60	40

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[1] All taxes paid after they become delinquent are included in this column whether paid at the office or to a delinquent collector at the home of the taxpayer. Rarely is a delinquent tax paid by mail, because the taxable is uncertain what the tax plus the penalty and costs total.

centage is paid by cash. The significant thing shown here is the fact that a very large part of the total sum received at the office of the collector is paid by check—not by cash. In only five cases do the payments by cash overbalance the payments by check. In 13 out of the 32 cases the receipts by check amount to 60 per cent or more of the total amount paid at the office.

It must be borne in mind when considering these figures that they refer to the sums of money collected and not to the number of individual taxpayers who pay. Reliable estimates as to the percentage of taxpayers who pay at the office could not be obtained. In this connection, however, many collectors stated that while they received a large portion of the money by mail, nevertheless, from 50 to 60 per cent of the taxpayers came to the office in person. Thousands of non-property owners, who pay anywhere from one to five dollars a year for poll, occupational, or per capita school taxes, pay in person and usually with cash. The large amount of money received through the mail is partly accounted for by the fact that large property holders, corporations, estates, etc., pay their taxes that way.

TABLE 4.

PERCENTAGE OF TAXES PAID BY MAIL IN 446 BOROUGHS AND TOWNSHIPS IN 1929.

Number of Boroughs and Townships Reporting.	Percentage of Total Tax Received by Mail.
2	95
11	80
5	75
4	70
7	65
11	60
3	55
26	50
15	45
28	40
37	35
29	30
67	25
61	20
38	15
65	10
26	5
11	0

Turning to boroughs and townships—very much the same situation as described above is found to exist. Here, too, local collectors were asked to estimate what percentage of the total tax collected by them was paid by mail. They were not, however, asked to approximate the amount received at their offices in such a way as to show what part was paid by check and what part by cash. Many volunteered the information that they received, in addition to checks, a considerable number of postal money orders. Others stated that large property holders always sent a check.

Information on this point obtained from 446 boroughs and townships is presented in Table 4.

From Table 4 it appears that payments by mail range all the way from nothing, in some districts, to 95 per cent of the total amount of the duplicates in others. The outstanding fact shown here is that in 60 per cent of the boroughs and townships reporting, from 20 to 50 per cent of all moneys collected was paid by mail. In only one-fifth of the districts considered did such payments fall below 15 per cent of the total amount collected.

Considering together the data presented in Tables 3 and 4 there is ample evidence to show that a fair share of all local taxes is now paid by mail, and that since 50 to 60 per cent of what is paid at the tax office is paid by check, it should not be so very difficult to encourage practically every one to pay his taxes by either check or money order delivered to the collector by mail.[18]

PAYMENT OF TAXES BY THE TAXPAYER DIRECTLY TO A BANK.

In 1925, and again in 1927, when a fight was being made in the Legislature to establish a more centralized system for the collection of taxes, there was considerable discussion in the public prints as to the possibility of paying local taxes directly to banks. The impression was generally given that such a practice was being followed in many parts of the State with marked success. Seldom, however, was a city or community referred to specifically.

The writer recently endeavored to ascertain the extent to which taxes are actually collected by banks. With the exception of the county tax in two or three counties, such a method of collection can hardly be said to exist today in Pennsylvania. Particular inquiry was made in every city of the State with the result that not a single case was found where banks make a practice of receiving taxes directly from the taxpayer.[19] In the City of Johnstown, county taxes were collected one year by certain banks in the city but the plan was soon abandoned as neither the authorities nor the banks were satisfied with the experiment.

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[18] Many people take their checks to the tax office and stand in line for hours because they are afraid that if they mail the check the letter will somehow be overlooked or delayed and not reach the collector before the discount period closes, or the penalty period begins. A lot more people would pay by mail, and thereby save the collector's, as well as their own time, if the collector would announce in advance that all payments made by mail would be considered as received on time if the postmark showed that the letter was not mailed after the day fixed by law for payment. In actual practice most collectors do follow the postmark in this regard, but not many of the people know that well enough to rely on it with any degree of safety.

In Beaver County, the county taxes are collected by the banks in the several boroughs and townships. The banks, however, do not receive taxes after they become delinquent. Such delinquent tax is turned over to the regular borough or township collector, or to a special collector appointed by the county authorities. The banks are not paid anything for this service but are permitted to use the money collected until it is called for by the county treasurer. In the two first class townships in the county the banks are not permitted to collect taxes since the Township Code specifically provides that in such townships the township treasurer shall collect all local taxes.

The County Treasurer in Beaver County stated as his opinion that the people of the county were well satisfied to pay directly to the banks, and that the method was both convenient and economical. On the other hand one local collector from the same county informed the writer that there was no bank in his borough and that the taxpayers resented being compelled to go into another borough to pay their county taxes when they had their own regularly elected tax collector at home.

Chester County is one of the counties of the State where the county tax is collected by the county treasurer prior to its being listed as delinquent. In some cases such official appoints local banks to receive the money on taxes paid before they become delinquent. The practice is not uniform from year to year.

In addition to these two counties the writer has found but three separate districts, out of 519 heard from, where any number of taxpayers pay directly to a bank rather than to the tax collector. One township collector in Washington County wrote that 33 per cent of his total duplicate was paid directly by the taxables to the banks and that this represented about 65 per cent of the total number of taxpayers in his district. He also added that he received his full commission on the money paid by the taxpayer to the bank. A township collector in Blair County wrote that 50 per cent of his duplicate was paid directly to the banks, but that he received his regular fee for collecting such taxes. The third case is one of a township collector in Lawrence County who stated that 30 per cent of all he collected was paid to the local bank. Again, this collector received his usual commission. Properly analyzed these three cases, in all probability, are not instances of banks acting as collector in the real sense of the word at all, but what happens is that the taxpayer deposits his money in the bank to the credit of the tax collector and takes a deposit slip as a receipt.

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[19] Information on this question was not received from the following cities: Bradford, Chester, Coatesville, and Nanticoke.

From time to time, banks have been appointed collectors of taxes where the regular collector has died or absconded, but such appointments have been of short duration. Occasionally, too, a school board has designated a bank to receive school taxes but such appointments have been for one year only and rarely renewed for a second consecutive year.

The above mentioned instances may be said to fairly represent the extent to which local taxes has been collected by banking institutions in recent years. It will be observed, too, that in all of these cases the taxes were merely *received*, not collected. The difficult work, such as looking up the delinquent taxpayer and starting the proper legal procedure to a forced collection is left to the regular local authorities. However, even those people in the State who are sincerely interested in improving the tax collection system, and believe the solution to lie in collection through the banks, admit that such work should remain with existing officials and at the most the banks can only act as receivers of taxes voluntarily paid.

Several advantages are said to exist in such a plan of payment, the principal one being that the cost of collection would be reduced to almost nothing. It is also claimed that payment of taxes to local banks would be more convenient to the taxpayer and that the petty favors now shown by elected collectors to keep the good will of voters would be eliminated.

The point in regard to reducing costs is certainly well taken. While certain of the present items of expense would remain about the same the biggest one—that of compensation to the collector, would be materially reduced. However, it should not be expected, as it apparently has been thus far, that banks should receive taxes voluntarily paid to them without any remuneration for their trouble. Neither the State nor any of its subdivisions should expect to have one of its important functions performed for it without fair compensation. Where such is the case undesirable practices are sure to come about which are not only costly in the end but which tend to corrupt local officials.

The argument in regard to the convenience to the taxpayer does not seem to be so strong. Certainly so far as those who pay by mail or check are concerned there is scarcely any difference whether the check is delivered to a bank or to a centrally located tax office. Even in the case of those who pay only a small personal tax and who, therefore, usually pay with cash, there would be no advantage in paying to a bank since the majority do not have a bank account and seldom, if ever, visit a bank.

The third argument advanced, namely, that petty grafts would be eliminated, nearly misses the point involved since practically 90 per cent of all the instances of special privileges, grafts, favoritism, etc., which now occur, take place after the tax in question becomes delinquent and under the proposed plan such taxes would still be collected by local authorities elected by the people who seek the special favors.

Regardless of the very substantial saving that could be affected by paying taxes to local banks, there is one serious objection to such a plan. It mixes public with private business. This is rarely advisable. While more business-like methods are undoubtedly needed in the handling of many governmental functions, especially those of a financial nature, it is hardly necessary to turn these functions over to private institutions in order to secure their efficient and economical operation. It is a commonplace to say that governmental units should handle their own affairs and do it in an efficient and economical manner. However, even admitting that the plan is theoretically sound, it is questionable whether many local banks would be willing to undertake the work involved. Especially is this true of the larger banks in the more thickly populated sections of the State. Where taxes are collected promptly and according to law, the collector is never popular with the taxpayers and banks may well feel that they would lose prestige by engaging in such work. Taxpayers sometimes question their tax bill, or make other complaints when paying taxes, which would tend to destroy the cordial relations existing between the bank and its customers.

On the whole, it is the writer's opinion that the collection of taxes by banks is not a feasible substitute for the present system. If all taxes in a county were payable to one collector, such as the county treasurer for instance, it might be practicable for such collector to indicate banks in some of the smaller communities where the taxpayer could pay his taxes rather than mail them to the central office. Such a proposal was once made and will be considered later in this study.

DISCOUNTS AND PENALTIES.

Local authorities are constantly faced with the problem of securing revenue from taxes in sufficient amount to meet monthly expenditures. When the amount necessary to pay ordinary running expenses is not received regularly, money must be borrowed or bills left to accumulate. There have been several notable cases in recent years where local officials, firemen, policemen, and school teachers have been compelled to wait from 30 to 90 days for their salaries because taxes were not paid promptly. Usually, however, those in charge of fiscal affairs are able to secure temporary loans to meet the emergency. Realizing that it is highly undesirable for the local authorities either to borrow or permit accounts to remain unpaid, the Legislature usually provides ways and means calculated to encourage the taxpayer to make early payment of the amount he owes. Two of the steps frequently taken, first the mailing of a tax bill and second the acceptance of taxes by installments have already been discussed, but the principal devices used to secure prompt payment are what are known as discounts and penalties.

A discount is a fixed percentage of the tax deducted from the bill by the collector if payment is made within a certain time. In some of the larger cities of the country the rate is graduated downward over a period of from 60 to 120 days. For instance, if taxes are due and payable on January 1 a discount of 4 per cent would be allowed on payments made during the month of January; 3 per cent during February, 2 per cent during March and 1 per cent during April. In a majority of the smaller cities, and minor municipalities, a flat rate is generally adopted which covers the entire discount period. Sometimes this period is for only 30 days, but usually it is for 60 or 90 days.

While a discount enables a taxpayer to save a part of his tax, a penalty adds to the total amount he must pay. Some people will not perform their duty to the State unless they are personally penalized for non-performance. While the primary purpose of allowing discounts is to encourage early settlement, penalties are added, not only to expedite payment, but to compensate the community for any loss it has sustaind due to the failure of the taxpayer to meet his obligation promptly. In other words, if the taxable withholds his taxes after they become due he is, in a sense, borrowing from the taxing district and must pay interest in the form of a penalty added to his tax.

Penalties are sometimes added at an increasing rate. The longer the tax remains unpaid the higher the penalty. In other cases a rate is charged which remains unchanged no matter how long the taxpayer is delinquent. The penalty period seldom follows immediately after the discount period. Subsequent to the discount period but before the penalty period begins there is a time when the tax may be paid in the original amount levied. This time intervening between the discount and penalty periods is usually called the *face* period. In many instances the discount period lasts for 90 days and is followed by a face period of equal length. It is an interesting fact, as will be shown later in this chapter, that a very small part of the total taxes collected are paid during the face period. People who have failed to take advantage of the discount offered usually delay payment until after the face period and eventually pay with a penalty attached. This, however, has not usually been the case in the cities of Philadelphia and Pittsburgh.

The policy of allowing discounts and imposing penalties has long been adopted in Pennsylvania. Occasionally, the rates have been raised or lowered, the period covered lengthened or shortened as conditions seemed to warrant. Only the practice of recent years is considered in this study.

Discounts and Penalties in the City of Philadelphia.

In the City of Philadelphia discounts and penalties on city taxes are regulated by City Council and not by statutory enactment. This is the only city in the State where the local authorities are permitted to change the detail regulations concerning tax collections as they see fit. By authority of the School Code the school taxes in the City are collected subject to the same discounts and penalties as are provided by Council for city taxes.[20]

For the past 10 years Philadelphia has had particular difficulty in securing a substantial share of its taxes before August or September of the year for which they were levied. To overcome this difficulty Council has increased the discount allowed, lengthened the period covered, moved forward the penalty date, and made numerous other changes from time to time. The object has, of course, been to hit on a scheme of discounts and penalties that would secure the revenue as quickly as possible, and at the same time not unduly penalize delinquent taxpayers.

During the last five years the Philadelphia Bureau of Municipal Research has shown a real interest in the City's tax collection problem, and especially in its discount and penalty schedule. In October, 1928, the Bureau published in one of its leaflets a very comprehensive table showing the discount penalty rates in detail, as well as the percentage of taxes collected under each for every month of the year for an eight-year period beginning 1920. The table includes taxes for City purposes only and is submitted here as Table 5.

A study of the table shows several interesting facts. First, it will be observed that the penalty rates adopted in 1920, of 1 per cent in September; 2 per cent in October; 3 per cent in November; and 4 per cent in December remained unchanged until 1928. City Council sought, if possible, to improve collections by shifting the discount rates and periods rather than by imposing heavier penalties or

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[20] Section 527, Act of May 18, 1911, P. L. 309.

TABLE 5

PERCENTAGE OF EACH YEAR'S GENERAL CITY TAX LEVY PAID EACH MONTH, PERCENTAGE PAID FROM JANUARY 1 TO THE END OF EACH MONTH, AND PERCENTAGE UNPAID AT THE CLOSE OF EACH YEAR, 1920-1928, TOGETHER WITH THE RATE OF DISCOUNT OR PENALTY APPLICABLE EACH MONTH*

(D—discount; P—penalty; upper monthly figures—monthly receipts; lower monthly figures—cumulative monthly receipts)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Unpaid
	D 1%	D 1%	D 1%	D ¾%	D ½%	D ¼%	no D or P	no D or P	P 1%	P 2%	P 3%	P 4%	
1920	0.44	2.82	11.98	2.73	2.56	2.59	4.23	52.68	5.22	2.56	2.85	5.09	
	0.44	3.26	15.20	17.93	20.49	23.08	27.31	79.99	85.21	87.78	90.62	95.71	4.29
1921	0.35	2.26	9.78	2.32	2.96	2.48	3.66	50.81	9.23	2.67	2.66	5.33	
	0.35	2.61	12.39	14.71	17.67	20.15	23.81	74.62	83.85	86.52	89.18	94.51	5.49
1922	0.31	2.09	9.90	2.01	2.66	2.70	4.13	49.95	11.37	3.08	2.33	5.07	
	0.31	2.39	12.29	14.30	16.96	19.66	23.79	73.74	85.11	8.19	90.52	95.59	4.41
	D 2%	D 2%	D 1½%	D 1%	D 1%	no D or P							
1923	0.90	16.39	2.95	1.52	3.16	2.09	3.68	39.44	14.21	3.49	2.36	5.45	
	0.90	17.29	20.24	21.76	24.92	27.01	30.69	70.13	84.35	87.84	90.20	95.65	4.35
1924	0.36	13.29	3.58	1.31	3.22	1.76	3.60	51.02	5.19	3.46	2.31	6.15	
	0.36	13.64	17.22	18.53	21.75	23.51	27.11	78.13	83.32	86.77	89.09	95.23	4.77
1925	0.36	14.62	2.83	1.27	2.89	1.95	3.69	46.52	8.66	3.20	2.56	6.04	
	0.36	14.99	17.82	19.09	21.97	23.93	27.62	74.14	82.20	86.00	88.56	94.60	5.40
	D 3%	D 3%	D 3%	D 2%									
1926	0.46	3.26	24.95	2.60	1.87	1.44	3.02	32.83	10.65	3.62	3.17	6.17	
	0.46	3.72	28.67	31.28	33.15	34.59	37.62	70.45	81.10	84.72	87.89	94.06	5.94
	D 2%	D 2%	D 1%	no D or P	no D or P								
1927	0.38	16.95	4.10	0.93	1.21	1.83	3.20	40.84	10.18	3.40	2.99	6.86	
	0.38	17.33	21.43	22.36	23.57	25.39	28.59	69.45	79.61	83.02	86.00	92.86	7.14
(1)							P ½%	P 1%	P 1½%				
1928	0.32	22.21	5.95	1.11	2.77	28.13	8.74	4.56	3.94	a	a	a	
	0.32	22.52	28.48	29.58	32.35	60.49	69.23	73.79	77.73	a	a	a	a

(1) Figures for 1928 are percentages of the tax levy as determined at the opening of the tax books. Figures for the other years are percentages of the tax levies as determined by the city controller's audit after the close of the year. a Information not yet available.

* This table is presented here exactly as taken from the fourth page of *Citizens' Business* No. 856 dated October 16, 1928. Permission to use the table was granted by the Philadelphia Bureau of Municipal Research.

extending the existing ones over a larger portion of the year. In 1920, 1921, and 1922 discounts were allowed during the first 6 months of the year. In 1923 the discount period was shortened by 1 month and the rate schedule increased all along the line. 1926 the period was again reduced by 1 month so that only taxes paid during the first 4 months of the year were subject to a discount. At the same time the discount *rates* were materially increased. Not satisfied with the results obtained by the very liberal 1926 schedule, Council in 1927 lowered the rate for each month of the discount period and at the same time provided that the new rates would only be allowed during the first 3 months of the year. No change was made in regard to discounts in 1928 but an attempt was made to secure a larger share of the year's revenue by moving forward the penalty period two months.

Table 5 shows how ineffective the various plans were in getting any substantial number of taxpayers to pay their taxes before the month of August. In fact not once in the 8 years was the City able to collect 80 per cent of its money before the first of September. In 1920, 1921, and 1922, when the discount period covered the first 6 months of the year, less than 25 per cent of the total tax was collected by the end of June, and in 1922 this had dropped to less than 20 per cent. For the years 1923, 1924, and 1925, after the discount rate had been nearly doubled and the period reduced to 5 months, a slightly higher percentage was collected at discount than had been collected during the first 3 years when a lower rate of discount covered a six-month period. Not until 1926, when the rate was increased to 3 per cent for January, February, and March, and 2 per cent for April, did the City obtain as high as 30 per cent of its taxes during the discount period. This was the first time, too, in 6 years that as much as 30 per cent of the total tax was collected prior to the month of July, and only the second time that such amount was collected before the first of August.

When the rate was reduced in 1927 to 2 per cent for January and February, and 1 per cent for March, only 21 per cent of the year's tax was paid by the end of March. This was slightly better than any previous year, except 1926, but with the discounts ceasing in March it was not until some time in August that the City received even 30 per cent of the total tax levied. In other words, under the system in use in 1926 over 30 per cent of city taxes was collected by the end of April while under the scheme of 1927 as much as 30 per cent was not received until after the first of August. The City authorities found from these seven year's experience that increasing the discount rate, while at the same time shortening the time allowed for discounts, resulted in some increase in the amount collected at an early date but at the cost of a considerable loss of taxes by way of discount. It is estimated by the Research Bureau that the additional money secured in 1926 at an earlier date due to the higher discount was gotten at a cost to the city of an amount equal at least to 11.9 per cent of the additional money thus collected.[21] In any event Council reduced the discount rate for 1927 and has left it unchanged to the present time.

From 1920 to 1928 penalties were imposed at the rate of 1 per cent in September, 2 per cent in October, 3 per cent in November, and 4 per cent in December. This schedule was changed for 1928 to provide ½ of 1 per cent for July, 1 per cent for August, 1½ per cent for September, 2 per cent for October, 3 per cent for November, and 4 per cent for December. Under this new schedule of payments 60 per cent of the year's levy was collected prior to July 1, at which time the new penalties became effective. The largest amount previously collected by July 1 was 34 per cent and that was in 1926, under the most liberal discounts allowed by the City in the last 10 years.

At least 5 things are outstanding in Table 5. First, whenever the same discount rate applies to more than one month very few taxpayers take advantage of the opportunity to pay at the reduced rate until the last month. Second, regardless of the discount schedule in operation, the City has never received more than 31.2 per cent of its taxes during the discount period. Third, no matter what the penalty has been, or when it became effective, the largest monthly payments have always been received the month prior to the penalty period. Fourth, moving the penalty period up to July 1 in 1928 enabled the City to collect 60 per cent of its taxes during the first half of the year, whereas, only half of such amount was ever collected by the same date during the 8 years the penalty attached on September 1. Fifth, regardless of the length of the face period, only an insignificant portion of the tax has ever been collected at face, except, of course, during the last month preceding the penalty period.

DISCOUNTS AND PENALTIES IN THE CITY OF PITTSBURGH.

In the City of Pittsburgh, discounts and penalties on city and school taxes are governed by statute and are not regulated by City Council as in the City of Philadelphia. The present law provides that a discount of 2 per cent be allowed on all taxes paid during the month of January.[22] During the months of February and March the above named taxes are payable at face. Starting with April 1, all unpaid taxes are subject to a 2 per cent penalty with ½ of 1 per cent added as interest for each additional month the tax remains unpaid.[23] For a number of years city and school taxes in Pittsburgh have been payable in quarterly installments, payments becoming due in January, April, July, and October respectively. If a taxpayer elects to pay his taxes in quarterly payments he is allowed the 2 per cent discount on the January payment only. If he fails to pay in the month in which the installment falls due a 2 per cent penalty is added to as much of his tax as was then due.

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[21] *Citizens' Business*, No. 728, May 4, 1926, Philadelphia Bureau of Municipal Research.

[22] Section 3, Act of July 20, 1917, P. L. 1173.

Figures have never been compiled to show the effectiveness of the discount and penalty schedule as it operates in Pittsburgh, but the writer was able to secure an accurate statement from the City Controller's office of the month by month payments of city taxes for the year 1927. These figures show that only a little more than 10 per cent of the total taxes paid during the year the levy was made was paid during the discount period. While only one-tenth of the total taxes was collected at discount the significant thing is that an additional 60 per cent was collected during the face period of February and March. This means that for the year 1927, 70 per cent of the city's revenue (city and school) was received during the first 3 months of the year as contrasted with less than 25 per cent collected in Philadelphia during the same months. According to the Deputy City Controller the percentages shown here for 1927 are not different from those of recent years. Because Pittsburgh is thus able to secure the larger part of its income during the first 3 months of the year temporary loans are not necessary and have not been made in recent years. Philadelphia, on the other hand, is constantly compelled to borrow money in anticipation of tax collections in order to pay salaries and to carry on work already under the course of construction.

DISCOUNTS AND PENALTIES IN THE CITY OF SCRANTON.

In the City of Scranton, city taxes were collected in quarterly payments for the first time in 1931. Such method of payment, however, is not compulsory and if a taxpayer desires to pay his entire city tax at one time he is allowed a discount of 2 per cent if the payment is made during the month of January. In fact the same provisions apply as to discounts and installment payment as have applied in

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[23] County taxes in Pittsburgh are payable during May, June, and July with a discount of 5 per cent, during August at face and with a penalty of 10 per cent added any time after September 1. Additional costs may be added at any time after September 1 for the issuing of warrants, etc.

Pittsburgh for many years.[24] However, unlike the case in Pittsburgh the installment plan does not extend to school taxes which are subject to a discount of 1 per cent if paid during the first month of the collection period, which is July. Following a two-month face period a flat penalty of 5 per cent is added on October 1 and ½ of 1 per cent in addition is charged for every month the tax remains unpaid after January 1 of the next year. County taxes in Scranton, as a rule, are not collected until late in the year and are subject to a discount of 5 per cent until November 1. How long the discount period actually is depends on how soon the county authorities deliver the tax duplicate to the tax collector. Sometimes it is near the expiration of the discount period before the collector's office is prepared to receive payments.

Reliable figures for Scranton, showing the amount of taxes collected during the discount periods for recent years could not be obtained.

DISCOUNTS AND PENALTIES IN THE CITIES OF THE THIRD CLASS.

A chaotic condition exists today in cities of the third class in regard to discounts and penalties. This condition is due to recent changes in the law and to the fact that existing statutes are frequently ignored by authorities levying and collecting taxes. Since each kind of tax collected in these cities is governed by different laws, the discount and penalty rates applicable to each is considered specifically for the sake of clearness.

CITY AND POOR TAXES. Under an Act passed in 1901[25] city and poor taxes were subject to a discount or rebate of 1 per cent if paid before the first day of August. Following a face period of one month a 3 per cent penalty was added on payments made during the month of September. In addition to this penalty of 3 per cent an extra charge equal to 1 per cent of the tax was imposed on the first day of each succeeding month until the tax was paid. In 1913, and again in 1917, the Legislature amended the Act passed in 1901 so that now it provides as follows:

> "All persons who shall make payment during the months of March and April, in each year, of city and poor tax, shall be entitled to a reduction or abatement of one per centum from the amount thereof; and all such taxes shall be payable at their face during the months of May and June, in each year. Upon all city and poor tax remaining unpaid on the first day of July

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[24] Although Scranton's new tax office was created under a law applying to second class A cities only, Scranton has the distinction of being governed on some points concerning its tax collection system as a second class city and on other points as a second class A city.

[25] Section 7, Act of June 20, 1901, P. L. 578.

> in each year, one per centum shall be added thereto; and, upon the first day of each succeeding month thereafter, there shall be added or charged an additional penalty for non-payment of one per centum, until such taxes are paid, which penalty shall be added to the taxes by said treasurer, as collector, and be collected by him.''[26]

The purpose of this change was to encourage early payment of taxes by moving up both the discount and penalty periods. While the penalty was reduced from the 3 per cent formerly imposed on September 1 to 1 per cent per month starting July 1, the net result remained the same for any taxpayer who failed to pay before the first day of September.

A majority of the third class cities are enforcing the above law to the letter, but there are some cities in the State where different discount and penalty periods are allowed either because of special legislation or because the local authorities have seen fit to depart from the strict letter of the law.[27] For instance, in 1930 the City of Connellsville did not start the collection of the city tax until July 1 and the 1 per cent discount allowed in other third class cities during March and April was allowed for the month of July only. The penalty period started September 1 and the rate was fixed at 3 per cent for September with 1 per cent added for each month thereafter. It will be observed that this schedule of rates corresponds to the requirements of the old law of 1901 and not the law of 1917, but it may be that this City has secured special permission to operate under the old law—the writer does not know. In any event the fact that city tax collections are not started until July 1 enables the authorities to list both city and school taxes on the same bill with the result that the taxpayer may pay them both at the same time.

In the City of Easton, another variation from the law of 1917 is found. Here city taxes are payable during the months of January and February with a 2 per cent discount and with 1 per cent deducted during the months of March and April. The Act of 1917 is enforced but the City supplements it by starting to collect taxes two months earlier with a rebate of 2 per cent allowed on such collections.[28]

In Uniontown bills are rarely sent out before the first of April one month after the discount period starts, but the discount period is extended one month so as to cover the month of May. In Lebanon and Wilkes-Barre bills are usually not delivered before April 1, but unlike Uniontown, the rebate period is not extended. It should be mentioned, however, that in these cities where the bills are delayed until half the discount period has elapsed the taxpayer may appear at the tax office—inquire as to the amount due and pay at once.

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[26] Section 3, Act of May 29, 1917, P. L. 315.

[27] If the former, the writer has failed to locate the local or special legislation although diligent effort to do so has been made.

[28] The writer is informed that this has been the practice in Easton for several years.

SCHOOL TAXES. Discounts and penalties on school taxes are regulated by the School Code. Until a few years ago a discount, or rebate was allowed the taxable for prompt payment in practically every school district in the State. In 1925 the law was changed and discounts abolished in third and fourth class school districts. Section 561 of the Code as amended in 1925[29] provides that in all districts of the second class (those having a population of 30,000, but less than 500,000) a discount of 1 per cent shall be allowed on all taxes paid prior to August 1 of the year for which they were levied. Payments may be made during August and September at face. Starting with October 1 a penalty of 5 pert cent is added to any tax not paid by December 31. On the first day of January following, and on the first day of each succeeding month that the tax remains unpaid an additional charge of ½ of 1 per cent is added. While no discount is allowed on taxes collected in any third or fourth class school district, a penalty of 5 per cent is added to the tax if not paid prior to the first day of October. No additional penalty is provided by the school law in case the tax remains unpaid after December 31.

Until 1929 these laws were enforced quite uniformly throughout the State. In that year the Legislature enacted a law, the purpose of which was to prevent the accumulation of delinquent taxes from year to year. In addition to providing for the sale of the delinquent real estate by the county treasurer, at a specific time and under certain conditions, the law provided for additional penalties on property (seated lands only)[30] already delinquent.[31] This law, so far, has succeeded only in further muddling the tax collection situation in all parts of the State. It apparently applies to all counties in the State, although that question has not yet been decided by the Supreme Court. After making clear that it applied to the collection of any county, borough, township, school, or poor tax levied in the State (the tax levied for city purposes was alone omitted) the Act provides that:

> "A penalty of one per centum of any such tax, in addition to such penalties now prescribed by law, shall be added thereto on the first day of January,

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[29] Section 1, Act of May 1, 1925, P. L. 434.

[30] "Seated lands are those occupied by the owner as a tenant or so improved as to produce a revenue to the owner. Unseated lands are lands not so occupied or improved. Taxes upon unseated lands are a charge against the lands only and not a personal charge against the owner. However, where the taxes on such lands are not paid voluntarily, no attempt is made to collect the same from the owner, but the lands are sold for said taxes." *Taxation in Pennsylvania,* Frank M. Eastman, Vol. 1, p. 211.

[31] This law in so far as it concerns the sale of land will be discussed in Chapter V.

> of the year following the levy and assessment of such tax, and on the first day of every month thereafter, until such taxes are paid or the seated lands responsible therefore are sold as hereinafter provided.''[82]

It is the clearly expressed intent of this Act, therefore, that the collector of each of the above named taxes shall, after the first day of January, add 1 per cent per month to all unpaid taxes levied the past year. The school law, as shown above, already added ½ of 1 per cent per month to delinquent school taxes in second class districts, starting with January 1. The law of 1929, therefore, increased the rate to 1½ per cent per month after January 1 so that by adding these additional charges to the original 5 per cent penalty a delinquent taxpayer pays 6½ per cent January 1; 8 per cent February 1; 9½ percent March 1; 11 per cent April 1; and 12½ per cent May 1. On the first of May the local collector is authorized to turn any unpaid taxes over to the county commissioners who, under the law, must certify such returns to the county treasurer for collection by sale of the property concerned. The writer has found that in a majority of the counties where the law has been enforced the county treasurer has permitted the taxpayer to pay the tax plus the additional penalties described above any time prior to the actual sale of the property.

In third and fourth class school districts only the additional 1 per cent provided by the law of 1929 is added to the original penalty of 5 per cent so that 6 per cent is paid January 1; 7 per cent February 1; 8 per cent March 1; 9 per cent April 1; and 10 per cent May 1. The 1 per cent added by the Legislature in 1929 does not apply to the school per capita tax or other personal tax but only to taxes on seated lands.

The above penalties are those prescribed by Legislation in force at the present time and were the legal rates for the school tax year of 1929-1930. Investigation shows, however, that the law of 1929 has been openly ignored in many of the cities of the third class, so far as school taxes are concerned. The following 6 cities, each a second class school district, enforced the new law in 1929-1930 by adding 1 per cent to the penalties already existing: Altoona, Bethlehem, Easton, Lancaster, New Castle, and York. On the other hand, in 7 cities comprising second class school districts, the law was not applied to school taxes levied for 1929-1930. These cities are: Allentown, Erie, Johnstown, McKeesport, Reading, Wilkes-Barre, and Williamsport.

Enforcement of the new law also varied in the smaller cities containing third class school districts. Out of 22 such cities the additional 1 per cent penalty was added in the following 13 places only: Clairton, Connellsville, DuBois, Franklin, Greensburg, Lock Haven, Monongahela, Oil City, Sharon, Sunbury, Titusville, Uniontown, and

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[82] Act of May 9, 1929, P. L. 1684.

Washington. In the 9 cities of Butler, Carbondale, Corry, Duquesne, Lebanon, Meadville, Monessen, Pittston, and Pottsville the new rates were not applied. Not only was the law left unenforced in nearly half the cities of the State, but its enforcement or non-enforcement was not uniform even in the same county. In some counties containing 2 or more cities, 1 city charged the new penalty, while another neighboring city did not.[33]

Failure to carry out the will of the Legislature in many of the above cases can not be entirely laid at the door of the tax collector, for usually he was instructed by the board of school directors as to the course to pursue. While it was not possible for the writer to learn in every city why the increased penalty was not charged, explanations were offered in several cities. Some authorities considered the existing penalty severe enough and refused to add more. In a few cities the school board took the position that for one reason or another the law did not apply to their district. In other cities the authorities acted on the advice of council that the new law was unconstitutional. Wherever the higher penalty did not meet with the approval of those in charge, some reason was found for not complying with the law. The authorities in some cities boldly took the position that they were under no obligation to enforce a law (which they did not desire to enforce) until its constitutionality had been settled by the Supreme Court of the State. One county treasurer told the writer that he saw no reason why he should enforce the law (the one under discussion) until the courts had first declared it constitutional. This attitude on the part of local officials is quite general and exists in regard to several recent laws concerning the collection of local taxes. One word can be said, however, on behalf of many of these officials, and that is, that they are conscientiously trying to carry out the will of the Legislature but find themselves hopelessly confused by the patchwork of laws they are called upon to enforce.

County Taxes. Until a very recent date the laws pertaining to discounts and penalties on county taxes collected in cities of the third class had been very unsettled. In some cities where the law permitted discounts none were allowed. In several cities where the law did not authorize them they were allowed. Some indication of the extent to which irregular practices occurred can be seen from the fact that it was necessary for the Legislature in 1921[34] to come to the rescue of county tax collectors by providing that where they had in good faith allowed discounts on county taxes, believing such to be a proper legal deduction, the county treasurer should make allowance for such fact when settling with the collector.

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[33] There was so much uncertainty and dislike on the part of many public officials in regard to the Act under discussion that the Legislature in 1931 made several important changes. For present purposes 2 changes may be noted: First, the law was broadened in scope to include taxes levied for city purposes; second, no *additional* penalties were added to delinquent taxes until May 1 of the year following the year in which the taxes were levied, and then the only additional penalty provided was interest at the rate of 6 per cent from the first of May until the tax in question was paid. Since there was such an interest charge for many years the real effect of the change was to abolish the additional penalties imposed by the Act of 1929 without substituting anything in their place. Senate File No. 413. Bill signed by the Governor, May 29, 1931. P. L. citation not yet known.

While the Legislature thus knew of the lack of uniformity on this point, it took no immediate steps to remedy the situation and as late as 1927-1928 discounts and penalties were not applied to county taxes in the following cities: Allentown, Altoona, Bethlehem, Coatesville, Corry, Erie, Franklin, Lock Haven, Meadville, Oil City, Reading, Titusville, and Williamsport.[35] This may not be a complete list. On the other hand, during the same years at least 22 of the third class cities allowed discounts on county taxes. Some of them acted in this matter, however, without authority. A county collector in one city told the writer that he had allowed a discount of 5 per cent during his first year as collector, not knowing that the law did not provide for it. For two years more he continued to deduct 5 per cent from the face of the tax for prompt payment because, as he expressed it, "no one objected."

Finally, in 1929 the General Assembly was prevailed upon to pass a law authorizing legal discounts and penalties on county taxes collected in cities. The law in part provides:

> "That all persons subject to the payment of county taxes in cities shall be entitled, in the same manner as now provided by law in the case of boroughs and townships, to a discount of five per centum from the amount of such tax upon making payment thereof within ninety days after date of the notice by the tax collector. All persons who shall fail to make payment of any such taxes charged against them for six months after notice as aforesaid shall be charged five per centum additional on the taxes charged against them, which penalty shall be added to the taxes by the tax collector and be collected by him."[36]

While this law repeals all Acts inconsistent with it, it does not repeal any local law. Therefore, in some counties where the county tax is collected by the county treasurer's office until it becomes delinquent local laws are still in force and in at least the counties of Allegheny and Washington a 10 per cent penalty is added to the tax as soon as the penalty period begins notwithstanding the 5 per cent penalty provided in the law just cited.

Information received from 38 out of 42 cities shows that for the year 1930 a discount was allowed for prompt payment of county taxes in each city. In a few places the rebate period was 60 instead of 90 days, and in 4 cases the face period was reduced from 90 to 30 days, but on the whole, the law was uniformly enforced. The same cannot be said, however, in regard to the enforcement of the Act of May 9, 1929, previously referred to in connection with school taxes, which added 1 per cent per month to existing penalties. In 12 cities this additional 1 per cent penalty was added to the county tax and in 9 cities it was not added.

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[34] Section 1, Act of March 10, 1921, P. L. 29.

[35] If either discounts or penalties were allowed in any of these cities for the years 1927 and 1928 the county commissioners of the respective counties failed to make a proper return as required by law to the Department of Internal Affairs at Harrisburg.

[36] Act of March 12, 1929, P. L. 18.

As strange as it may seem, there were 3 cities where the additional penalty was placed on the county tax, but not on the school tax, and in 2 cases it was added to the school tax but not to the county tax. In one of these 5 cities both school and county taxes were collected at the same time and by the same collector. These cases only help to emphasize the fact brought out many times throughout the report that the present method of collecting local taxes not only varies in place after the place—in one type of municipality after another, but that even where the same law applies to two or more places or kinds of taxes, its application is far from uniform. Many local authorities want their own way regardless of what rules or regulations have been prescribed by the General Assembly.

EXTENT TO WHICH TAXES ARE COLLECTED DURING THE DISCOUNT PERIOD IN CITIES OF THE THIRD CLASS.

Bearing in mind that the only purpose for allowing discounts is to encourage early payment of taxes, it is important to ascertain how effective they are in accomplishing their purpose in the cities of the third class. Reliable information does not exist to show what share of each tax levied was collected during the rebate period in every city in the State for even one year, nevertheless, accurate statistics have been gathered to show such percentages for 14 third class cities for the year 1927. It is, of course, impossible to say what part of the tax paid during the discount period would have been paid during the same period of time if the discount had not been allowed. Many people pay their bills, including tax bills, as soon as they fall due, without any special inducement.

In order to show the true percentage of the tax collected during the discount period, the amount of the tax deducted by way of discount has been considered as collected by the authorities and then refunded to the taxpayer. In actual practice the taxable pays only the amount of the levy less the discount. Attention is also called to the fact that the total tax levied less exonerations allowed has been used as a basis for making this computation. Exonerations are deducted on the theory that at least 75 per cent of the amount exonerated is due to deaths, removals, and mistakes, and actually never receivable by the collector.

Table 6 shows for the year 1927 what proportion of the tax levy was paid during the discount period. The city tax was collectible during the months of March and April with a 1 per cent discount; the school tax during the month of July with 1 per cent off; and the county tax with a discount of 5 per cent for 90 days.

Table 6 shows that for city taxes the percentage collected at discount ranged from 34.7 per cent in the City of DuBois to 83.9 per cent in the City of Washington. The average on city taxes for the 14 cities was 56.8 per cent. Six of the cities show percentages above the average. In 9 cities out of the 14, over 50 per cent of the city taxes were received within the first 2 months of the collection period. This is undoubtedly a very satisfactory showing, and may indicate that in these cities allowing even a 1 per cent rebate, has stimulated early payment considerably. However, the results obtained in the cities of Bradford and DuBois were not half so good as those obtained in several of the other cities.

The 1 per cent discount allowed on the school tax (second class school districts only) for a period of one month was even more effective. In the 4 cities showing a school tax, from 46.2 per cent to 71.6 per cent of the total tax was paid during the first month of the tax year. This excellent showing may partly be accounted for by the fact that the 1 month discount period is followed by only a 1 month face period before a 5 per cent penalty is attached, while with the city tax the two month discount period is followed by a two month face period with only a 1 per cent penalty thereafter.

In the case of the county tax, the portion collected at discount ranged from 49.9 per cent in the City of Bradford to 91.7 per cent in the City of York. The average for county taxes collected in 13 cities was 77.8 per cent. In 9 of the cities over 70 per cent of the money was collected while the 5 per cent discount was allowed. While these percentages appear high when considered alone, they are not as high as those of either the city or school taxes when it is remembered that the discount rate on county taxes is 5 times as high as on the other two and the rebate period from 1 to 2 months longer.

It is also interesting to note that in the three cities of McKeesport, New Castle, and Washington, where the county tax was collected by the county treasurer's office, the figures were 85.5 per cent, 77.3 per cent, and 81.4 per cent respectively, which shows that people will take advantage of a discount period even if they have to send their taxes to a central office in the county to do so. The City of McKeesport is the only one of these 3 cities which is not the county seat of the county in which it is located and the 85.5 per cent collection during

TABLE 6.

PERCENTAGE OF TAXES COLLECTED DURING THE DISCOUNT PERIOD IN FOURTEEN THIRD CLASS CITIES IN 1927.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

City	Kind of tax	Total taxes levied in 1927 less exonerations allowed	Total 1927 taxes collected during discount period plus discounts allowed	% of 1927 taxes collected during discount period
Bradford	City	$154,146	$54,040	35.1
	County	59,113	29,520	49.9
DuBois	City	85,037	29,503	34.7
	County	37,000	26,143	70.7
Erie	City	1,642,484	739,744	45.0
	School	1,940,285	895,889	46.2
Harrisburg	City	1,194,854	782,608	65.5
	School	1,672,841	936,759	56.0
	County	536,839	442,884	82.5
Hazleton	City	285,777	128,671	45.0
	County	203,202	125,656	61.8
Johnstown	City	1,197,924	651,082	54.4
	County	487,204	363,432	74.6
Lancaster	City	522,141	286,270	54.8
	County	200,371	142,513	71.1
McKeesport	City	522,865	386,965	74.0
	School	776,279	479,185	61.7
	County	479,114	409,483	85.5
New Castle	City	570,044	269,073	47.2
	County	294,627	227,831	77.3
Pottsville	City	248,675	189,442	76.2
	County	165,384	141,219	85.4
Sharon	City	276,516	154,683	55.9
	County	209,540	137,373	65.6

Uniontown	City	303,615	180,532	59 5
	County	143,578	95,274	66.4
Washington	City	262,683	220,489	83.9
	County	142,971	116,393	81.4
York	City	467,958	316,429	67.6
	School	718,551	514,127	71.6
	County	325,593	298,665	91.7

the discount period is quite a significant showing for it since the taxpayers, to avail themselves of the discount, had to travel either to Pittsburgh to the county seat, or send their taxes in by mail. The fact, too, that county taxes in all municipalities in Allegheny County carry a 10 per cent instead of the usual 5 per cent penalty may have had something to do with the good showing made in the city of McKeesport.

While the figures given in Table 6 show what percentage of the taxes levied was paid during the discount period, there is no way of determining what part of them was paid solely because of the discount or rebate allowed. In order to show to what extent taxes can be collected early, without allowing any discount, a comparison is made in Table 7 between city taxes collected with a discount and school taxes collected without a discount.

As was pointed out above, there is no discount on school taxes in school districts of the third and fourth class. Such taxes are payable at face for 3 months and then collected with a penalty of 5 per cent attached. On the other hand, city taxes are not penalized until the collection period has run for 4 months and then only a 1 per cent penalty is added. It must therefore be kept in mind that in Table 7 the city collections cover a 4 month period with a 1 per cent discount for the first 2 months, whereas the school collections cover only a 3 month period without any discount.

Although the advantage is clearly with the city tax in the comparison in Table 7, still it is seen that in 5 cities out of the 10 shown there was a higher percentage of the school tax collected before the beginning of the penalty period. Furthermore, in the cities of Butler and Sunbury 2 of the 5 cities where larger percentages of city taxes were collected, the city and school percentages were very close together. In other words, school collections, without the aid of a discount, and within a shorter collection period, more than held their own with the city collections with a 1 per cent discount and 1 month longer collection period. Moreover, in each of these 10 cities the same collector received both city and school taxes at the same office and with the same office personnel. Furthermore, the city tax became delinquent the day

TABLE 7.

COMPARISON OF CITY AND SCHOOL TAX COLLECTIONS IN TEN THIRD CLASS CITIES FOR 1927 WHERE NO DISCOUNT WAS ALLOWED ON SCHOOL TAXES.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

City	Kind of tax	Total taxes levied in 1927 less exonerations allowed	Total 1927 taxes collected prior to penalty period plus discounts allowed	% of total taxes levied collected prior to penalty period
Butler	City	$322,302	$276,950	85.9
	School	317,364	259,037	81.6
Carbondale	City	150,824	89,170	59.1
	School	391,826	259,716	66.3
Corry	City	89,262	61,871	69.3
	School	109,053	89,421	82.0
Lebanon	City	227,828	184,577	81.0
	School	306,094	220,128	71.9
Lock Haven	City	66,468	53,453	80.4
	School	106,572	92,129	86.4
Meadville	City	171,140	137,166	80.1
	School	228,554	200,970	87.9
Oil City	City	225,000	179,318	79.7
	School	359,978	291,928	81.1
Sharon	City	276,516	207,593	75.1
	School	409,271	268,199	65.5
Sunbury	City	82,598	74,448	90.1
	School	259,886	221,592	85.3
Washington	City	262,683	244,831	93.2
	School	287,099	220,691	76.9

the school tax first became payable so that the city authorities had the first chance at the taxpayer's pocket book.

If in spite of all these things the school authorities can collect on the average more than 75 per cent of their taxes in the months of July, August, and September (the first two of which are generally considered poor collection months) without a discount, it is difficult to understand why the city need allow any discount at all.

The explanation as to why so large a share of the school tax is collected so early in the tax year and without the inducement of a bonus to the taxpayer is not hard to find. The city tax does not become delinquent until July 1, 4 months after it is levied, and then with a penalty of only 1 per cent; whereas the school tax becomes delinquent October 1, 3 months after it is levied, and with a penalty of 5 per cent added at once. As in the case of both Philadelphia and Pittsburgh so in the case of third class cities, it is the fear of paying a heavy penalty and not the offering of a discount that finally induces the average taxpayer to meet his tax obligation early in the year.

DISCOUNTS AND PENALTIES IN BOROUGHS AND TOWNSHIPS.

For many years the general policy of the Legislature has been to allow a 5 per cent discount on taxes paid promptly in boroughs and townships and to impose a 5 per cent penalty on all delinquent payments. These rates applied to practically all local taxes until 1925 when the Legislature removed the discount on school taxes. The General Borough Act of 1927 provides as follows:

> "All persons who shall, within ninety days prior the date of notice, make payment of any taxes charged against them in the duplicate, shall be entitled to a reduction of five per centum from the amount thereof. All persons who shall fail to make payment of any taxes charged against them in said duplicate for six months after notice as aforesaid, shall be charged five per centum additional on the taxes charged against them, which shall be added thereto by the tax collector and collected by him."[37]

There are many boroughs in the State which are not controlled by this Act in regard to borough taxes, and the school taxes, although not expressly excluded by the Act just referred to, are excluded by the School Code of 1911 as amended in 1925. In any borough having a population of over 30,000 inhabitants, such as Norristown, in Montgomery County, for instance, a discount of 1 per cent is allowed on school taxes paid during the month of July.

It will be observed that while the borough law provides for a discount period of 3 months, followed by a face period of 3 months, no specific dates are fixed by law for such periods. The local authorities are permitted to start tax collections when they see fit and if discounts are allowed on payments made within 90 days after notice to the taxpayer the law is complied with.

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[37] Section 1308. P. L. 519.

The borough law differs in this respect from the law governing discounts and penalties in townships of the second class. The Township Code, as amended in 1925[38] provides for a rebate of 5 per cent on all taxes paid before June 1. The length of the discount period therefore depends on the time collections start in each township. There is no uniform practice even as to townships within the same county. Sometimes the period is only 1 month—sometimes 2 or 3—and in a few cases as long as 4 months. Whereas the face period provided by law is 3 months in boroughs, it is 4 months in townships and the period is definitely fixed as from June 1 to October 1. On October 1 a penalty of 5 per cent is provided by law. The discounts provided for by the law of 1925 apply to all taxes (except school) collected by the township collector. On the other hand, the face period, as well as the penalty rate and period, are made to apply only to road taxes collected within the townships.

Discounts and penalties, and the time periods for each, in regard to county taxes, are apparently controlled by an Act of 1885 as amended in 1909.[39] In some counties, however, there is considerable doubt on this point. The law of 1909 just referred to, provides for a 5 per cent discount and a 5 per cent penalty, the former for 90 days, which gives way to a 90 day face period. While the schedule of rates provided by the laws of 1909 and 1925 are the same on both road and county taxes, the face period is 1 month longer on road taxes than it is on county taxes in the same township. The penalty on school taxes is fixed by the school law at 5 per cent and is uniform in all second, third, and fourth class districts.

The law is different in respect to townships of the first class. Until 1921 a discount of 5 per cent was allowed on the township tax if paid within 60 days after receipt of notice by the taxpayer. Following a four month face period a penalty of 5 per cent was charged. On county taxes the rates were the same as on township taxes but the face period was shorter by 1 month.

In 1921 the township law was changed, but only so as to affect taxes levied for township purposes. By this change discounts were entirely eliminated from the law.[40] The penalty was reduced to 2 per cent, with the face period left at 60 days.[41] An additional charge of 1 per centum was provided for each additional month or fractional part thereof that the tax remained unpaid. School and county taxes in townships of the first class are collected under the same laws as such taxes are collected in townships of the second class.

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[38] Act of April 30, 1925, P. L. 412.

[39] Section 1, Act of May 1, 1909, P. L. 305.

[40] Section 1, Act of May 11, 1921, P. L. 482.

[41] *Ibid.*, Section 2.

A further lack of uniformity in respect to discounts and penalties is occasioned by the fact that special or local laws, enacted long before the present Constitution was adopted, are still in force. When the General Assembly does pass a piece of legislation reasonably intended to improve the collection of local taxes, it usually provides that such enactment shall not be held to repeal any special or local law. These ancient local laws are therefore permitted to stand in the way of a logical and uniform tax collection system. The Legislature, instead of tearing them out by the roots, attempts to build around them. The result is confusion worse confounded.

The case of Cameron County is a good illustration. Under a local law passed in 1867[42] each borough and township annually elects a tax collector who collects all local taxes at their face value. No discounts are allowed and no penalties, as such, are imposed. If the taxpayer meets his obligation within 30 days the collector adds 2 per cent to the tax, and if the tax is not collected until after the first 30 days 10 per cent is added. These additions are not penalties reverting to the taxing district but are the commissions retained by the tax collector. Under the system a taxpayer may withhold his taxes until the last day of the year and the district in question receive nothing for the inconvenience it has been put to by the delay. While the law requires that the collector shall return his duplicate and make final settlement within 3 months the figures for the year 1927 show that at the end of the calendar year 18 per cent of all local taxes levied in boroughs remained unpaid.

Still another variation in regard to penalties is found in the Counties of Allegheny and Washington. In these 2 counties the discount allowed is 5 per cent, the same as in other parts of the State, but the penalty for late payment is 10 per cent instead of the customary 5 per cent. As in the case of Cameron County the additional money collected in this way goes to the delinquent tax collector and the local district receives nothing for being compelled to wait until late in the year for its money.

PERCENTAGE OF TAXES COLLECTED IN BOROUGHS AND TOWNSHIPS DURING THE DISCOUNT PERIOD.

With a discount of 5 per cent allowed for 60 or 90 days on all but the school tax it is natural to expect that a very substantial part of the taxes levied in boroughs and second class townships would be paid within the rebate period. Statistics have been prepared and are presented in Table 8 to show the percentage of taxes paid with a discount in 15

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[42] Act of March 1, P. L. 306.

TABLE 8

PERCENTAGE OF TAXES COLLECTED DURING THE DISCOUNT PERIOD IN BOROUGHS AND TOWNSHIPS IN FIFTEEN COUNTIES FOR THE YEAR 1927

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

Name of County	BOROUGHS				TOWNSHIPS			
	Kind of Tax	Total amount of taxes levied for 1927, less exonerations allowed	Amount of taxes collected in 1927 during the discount period, plus discounts allowed	Per cent collected during discount period	Kind of Tax	Total amount of taxes levied for 1927, less exonerations allowed	Amount of taxes collected in 1927 during the discount period, plus discounts allowed	Per cent collected during discount period
Berks	Borough	$453,852	$342,181	75.4	Township	$447,708	$295,059	65.9
	County	200,213	174,158	87.0	County	250,330	188,680	75.4
Blair	Borough	193,664	127,458	65.8	Township	173,608	91,554	52.7
	County	122,389	88,492	72.3	County	147,427	86,736	58.8
Bucks	Borough	373,411	275,835	73.9	Township	411,199	254,128	61.8
	County	200,657	129,912	64.7	County	267,832	154,069	57.5
Clearfield	Borough	152,781	103,473	67.7	Township	213,818	90,577	42.4
	County	73,269	49,054	67.0	County	116,890	59,376	50.8
	Poor	37,823	24,313	64.3	Poor	67,634	33,010	48.8
Clinton	Borough	57,761	36,010	62.3	Township	51,615	29,208	56.6
	County	32,142	26,485	82.4	County	48,664	29,723	61.1
Crawford	Borough	56,582	42,342	74.8	Township	223,366	117,452	52.6
	County	46,813	37,568	80.3	County	186,883	106,049	56.7
Fayette	Borough	194,424	129,700	66.7	Township	803,521	681,369	84.8
	County	127,273	83,169	65.3	County	898,058	729,099	81.2
	Poor	10,410	6,473	62.2	Poor	77,136	60,905	79.0
Huntingdon	Borough	110,015	87,027	79.1	Township	85,854	52,644	61.3
	County	79,407	68,985	86.9	County	67,936	45,663	67.2

Lawrence	Borough	155,149	124,106	80.0	Township	175,146	111,754	63.8
	County	67,456	50,542	74.9	County	114,127	77,756	68.1
	Poor	10,527	7,655	72.7	Poor	18,304	12,038	65.8
Lycoming	Borough	124,768	79,792	64.0	Township	108,490	59,581	54.9
	County	71,599	53,335	74.5	County	84,935	57,296	67.5
	Poor	11,766	7,823	66.5	Poor	21,865	12,383	56.5
McKean	Borough	83,030	62,662	75.5	Township	179,115	121,894	68.1
	County	31,000	19,202	61.9	County	56,102	32,832	58.5
	Poor	23,400	16,242	69.4	Poor	50,928	35,955	70.6
Mercer	Borough	422,555	337,728	79.9	Township	188,870	109,613	58.0
	County	323,319	255,240	78.9	County	203,020	126,778	62.4
Schuylkill	Borough	860,823	666,311	77.4	Township	214,767	158,731	73.9
	County	507,302	401,368	79.1	County	779,414	630,812	80.9
Venango	Borough	25,211	18,540	73.5	Township	193,858	114,289	59.0
	County	30,727	26,898	87.5	County	105,109	71,922	68.4
	Poor	1,969	1,476	75.0	Poor	12,884	8,840	68.6
Westmoreland	Borough	1,051,118	853,422	81.2	Township	861,722	686,283	79.6
	County	542,557	447,091	82.4	County	643,552	498,385	77.4

counties located in different parts of the State. The data covers the tax year of 1927 only. The percentages were obtained by dividing the total tax levied, less exonerations, by the total amount of taxes collected during the discount period.[43]

Table 8 shows several interesting things. In boroughs an average of 76.2 per cent of the taxes levied for borough purposes was collected during the rebate period. The average for county taxes collected within the borough was slightly higher, being 77.8 per cent. This was certainly a very excellent showing. In townships (second class only), 68.6 per cent of the township duplicate was paid at a discount. This is about 7.5 per cent lower than was found to be the case in boroughs. The average for county taxes collected in townships was 72.9 per cent, about 5 per cent lower than county taxes collected in boroughs. In 5 counties out of the 15 covered, the boroughs collected more than the average of 76.2 per cent. Westmoreland County led by collecting 81.2 per cent of its borough taxes at a discount. Clinton County, with 62.3 per cent, was lowest. Boroughs in 10 of the 15 counties collected 70 per cent or more of the total levy during the rebate period. In 8 counties the boroughs collected more than the average of 77.8 per cent of the county taxes with a discount allowed. Venango County led with 87.5 per cent, while McKean County trailed the list with 61.9 per cent.

The average figure of 68.6 per cent for township taxes would not be nearly so high were it not for the fact that in the Counties of Fayette and Westmoreland, township taxes were levied in much larger amounts than in the other counties and 80 per cent or more in these 2 counties was paid in time to receive the benefit of the discount. On the other hand, in 6 counties less than 60 per cent of the total levy was paid during the rebate period. Clearfield County was lowest, with 42.4 per cent, while there were 3 additional counties with percentages in the low fifties.

The situation is much the same as to county taxes collected in townships. Only 4 counties collected more than the average of 72.9 per cent of county taxes within the discount period. Fayette County was highest, with 81.2 per cent, while Clearfield County was lowest, with only 50.8 per cent.

While the average difference between boroughs and townships is only around 7 per cent, yet the fact remains that in a majority of the counties shown a considerably smaller amount of taxes were collected during the discount period in townships than in boroughs. This difference can partly be explained perhaps by the fact that, as a rule, the population in townships is more scattered and contain a majority of the farmers of the State who frequently do not have money with which to pay their taxes until late in the year, and after the discount period has passed. Also, since the discount period in second class townships is not by law required to last any specific number of days, but expires on June 1, regardless of the time collections start, there are many townships where the period lasts only a month or 6 weeks. In boroughs acting under the General Borough Law the period is definitely fixed at 90 days.

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[43] The amount deducted by way of discount has been added to the amount of the tax collected in order to show the real percentage of the total tax paid during the period.

Considering boroughs and townships together, it cannot be denied that a very substantial part of local taxes are collected during the discount period. Many taxpayers are glad to save 5 per cent of their taxes and when such a saving can be made by paying within 3 months after the tax first becomes due, there is little wonder that a majority of people take advantage of such a liberal plan of payment. How many would pay just as promptly without such special inducement cannot be definitely determined, but Table 8 shows that by the time the penalty period has arrived, the borough and township school authorities have received as large a share of their taxes as any of the other local officials, and without allowing any discount on school taxes.

ARGUMENTS FOR AND AGAINST DISCOUNTS.

In order to justify giving discounts, the argument is frequently made that the extra money collected as a penalty offsets the amount lost by allowing a discount. Some authorities in fixing the tax rate do not take into consideration the possible loss from discounts but rely on the penalties collected to cover any shrinkage. Assuming that rebates could be justified on such a ground, the facts do not bear out the argument. It is only in rare cases that the taxing district receives through penalties an amount in excess of the discounts allowed. Table 9 shows the figures on this point for the years 1927 and 1928.

Table 9 shows that for the entire State the taxpayers paid in penalties an amount equal to only one-half the total amount allowed by way of discounts. In 1927 the penalties in Philadelphia, on city taxes, slightly exceeded the discounts allowed, while the reverse was true in 1928. In Pittsburgh the discounts were greatly in excess of penalties for both years, although the amount collected in penalties nearly doubled in 1928 while the discounts remained about the same.

Considering all third class cities together, two dollars were allowed as rebate for every dollar paid as a penalty. Analysis of figures not included in Table 9 show that for the year 1927 about 10 of the smaller cities received slightly more by way of penalties than they allowed through discounts. In boroughs the penalties collected amounted to about *one-seventh only* of the discounts allowed. For county and

TABLE 9.

AMOUNT OF MONEY LOST THROUGH DISCOUNTS COMPARED WITH AMOUNT OF MONEY GAINED THROUGH PENALTIES FOR THE YEARS 1927 AND 1928

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

Kind of tax	Year	Discounts allowed during the year	Penalties collected during the year
City taxes in first class cities	1927	$217,657	$238,155
	1928	343,997	329,396
City taxes in second class and second class A cities	1927	262,175	28,613
	1928	290,026	54,313
City taxes in third class cities	1927	144,212	78,403
	1928	113,305	79,486
Borough taxes in boroughs ...	1927	815,294	102,373
	1928	857,879	118,308
Township taxes in first class townships	1927	31,466	25,578
	1928	28,935	31,215
Township taxes in second class townships	1927	475,117	91,242
	1928	469,142	95,486
School taxes in all school districts in state	1927	333,198	950,990
	1928	385,990	1,064,215
County taxes in all counties of the state	1927	1,662,488	328,006
	1928	1,680,290	354,096
Poor taxes in all poor districts in state	1927	149,404	31,167
	1928	176,603	39,041
Grand total for state	1927	$4,091,011	$1,874,527
	1928	$4,346,167	$2,165,556

poor taxes collected in townships, the amount lost by permitting rebates was five times the amount collected on account of late payments. On the other hand, the school districts of the State, considering all 4 classes together, collected three dollars in penalties for every dollar allowed for prompt payment. This was due, of course, to the fact that no discounts are allowed on school taxes in any third or fourth class school districts.

These figures clearly show that penalties cannot be relied upon to make up the loss sustained through the present practice of deducting a part of the tax to encourage prompt payment. If the practice can be justified at all it must be either on the ground that the taxpayer who pays promptly is entitled to a bonus for the performance of a public duty, or that the taxing district cannot secure its revenue when needed without offering a premium to the taxpayer.

Occasionally the practice is upheld on the theory that the prompt taxpayer is entitled to some special consideration. The North Carolina Tax Commission, after making a very careful and detailed study of the collecting of local taxes in that State, came to the following conclusion as to discounts.

> ''The system of discounts and penalties has been found to be very helpful in tax collections and entirely just. Those who pay promptly, before payment can be enforced, are entitled to some consideration, and their prompt payment saves actual money that would otherwise be paid out for borrowed money.''[44]

This conclusion contains really two arguments in favor of discounts, one that the taxpayer who pays early in the year is entitled to some special consideration, and the other that his prompt payment saves interest on borrowed money. Both of these arguments are of doubtful value. As to the first, it is certainly questionable whether the State should be put in the position of offering a bonus to its citizens to induce them to meet a just and legal obligation. The better view to take would seem to be that the State has the right to expect the taxpayer to pay his taxes in full when called for, or pay a penalty for the failure to do so. As to the second argument contained in the Commission's conclusions it is impossible to show accurately to what extent the allowing of discounts enables the taxing district to get along without borrowing money on future collections. Many of the communities which allow a discount as high as 5 per cent find it necessary to borrow money in anticipation of collections for the first 2 months after collections start. If the discount period is for 90 days a majority of the taxpayers will refrain from meeting their obligations until the last few days before the period ends. Furthermore, the taxing districts can frequently borrow money for 3 or 4 months at 5 per cent, and in the larger cities for less than 4 per cent, while county and poor taxes are subject to a 5 per cent discount.

The Philadelphia Municipal Research Bureau made a study of this problem, so far as it relates to the collecting of city taxes in Philadelphia for the year 1926. Reference to Table 5 on page 84 will show that for the years 1923-1925 the City allowed discounts of 2 per cent in January and February, 1.5 per cent in March, and 1 per cent in April and May. In 1926 the schedule of rates was increased to 3 per cent for January, February, and March, 2 per cent for April, and 1 per cent for May. The Bureau studied the monthly receipts under these 2 schedules and reached the following conclusions:

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[44] *North Carolina Tax Commission Report*, 1928, p. 22.

> ''If the discount rates had not been changed in 1926, it is fair to assume that the city would have received, by the end of March, a proportion of the 1926 tax levy equal to the average proportion of the tax levy received by March 31 in the three preceding years. In other words, under the 1923-1925 discounts about 18.4 per cent of the 1926 levy or about $9,559,000 would probably have been paid by March 31, 1926. Actually, however, about $5,320,000 more than this was paid.
>
> ''On the $9,559,000 which probably would have been paid by March 31, 1926, under the 1925 discount rates, discounts of about $182,600 would have been allowed. Under the new schedule, however, the city had to allow $446,370.99 in discounts or about $263,800 more than would have been allowed under the old rates. This $263,800 may fairly be said to represent the cost of getting the additional $5,320,000 of the tax paid a few months earlier than it might otherwise have been paid. Assuming that without the additional discount none of this money would have been received before August 31, the last day to pay taxes without penalty, we find that the city has in effect paid interest in advance at the rate of 11.90 per cent per annum on the $5,320,000.
>
> ''What the city paid for the $5,320,000 may easily be more than 11.90 per cent interest per annum. Not only were the old discounts smaller, but they brought in most of the first three months' receipts in February instead of in March. Moreover, the 11.90 per cent is based on the assumption that the $5,320,000 would not be received under the old discounts until August 31. To the extent that this money would be received earlier than August 31, and much of it doubtless would be, the rate would be higher. If it be assumed that the $5,320,000 has been received, on the average, four instead of five months earlier than under the previous rates of discount, the rate of interest paid by the city is 14.87 per cent. The money probably could have been borrowed for not more than 4 per cent.''[45]

While the Bureau's conclusions are based necessarily on certain assumptions as well as on certain facts it is nevertheless believed that they are not far from correct. That this is so is borne out by the fact that City Council considered that the discount rates for 1926 did not work out advantageously for the City and the rates, as well as the time period were lowered for 1927.

Many years ago the Massachusetts Tax Commissioners considered the question of allowing discounts, and in reference to the possible saving in interest payments stated:

> ''As a means of relieving the towns for the payment of interest for

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[45] *Citizens Business*, No. 728, May 4, 1926, Philadelphia Bureau of Municipal Research.

> money borrowed, the plan is most absurd. In one city the tax bills are required to be in the hands of the collector on the first of September, and the discount allowed for payment before the 16th of September is such that the rate of interest paid by the city is equivalent to 120 per cent per annum, while in many towns, the discount calculated in the same way is equivalent to the payment of interest at 40 per cent per annum. The bare statement of the facts shows that the practice cannot be defended on the ground of economy in the saving of interest to municipalities.''[46]

While the ascertainable facts offer little evidence to justify the principle of allowing discounts, there is one objection to the plan which in the absence of distinct advantages should condemn it. In its actual operation it results in favoring the rich or provident taxpayer at the expense of the person who, because of unfortunate circumstances, cannot pay within the discount period. This inequality is more than a fancied one. Many persons, whether due to sickness, lack of employment, or inability to properly budget their income, find, year after year, that they are not in a position to take advantage of the discount offered by the taxing district. On the other hand, the well-to-do, the big property holder, or the more favorably situated taxable takes advantage of the saving permitted. The result is that the person who is not in a position to avail himself of the discount rate actually pays a higher rate of tax, and quite frequently pays in addition a penalty equal to or even more than the discount allowed. If the discount is fixed at 5 per cent, and the penalty at a like figure, then the taxpayer who cannot pay until after the penalty is imposed, pays 10 per cent more in proportion to his holdings to support his government than does the person who is in a financial position to pay the full amount of his tax but is permitted, because of a discount, to pay less than his true share. No objection can be raised by any taxpayer against the imposition of a penalty for late payment, but the fact cannot be overlooked that those who do pay the regular penalty are doubly penalized. Likewise, the taxpayer who is able to make payment during the face period pays at a higher rate than does the person who pays just a few days before the discount period ends.

The above mentioned inequality remains whether the tax district, in fixing the tax rate, estimates the possible loss due to discounts or not. If the authorities levying the tax take this loss into consideration they must, in order to secure the desired amount of revenue, increase the rate so as to produce the amount needed. The taxpayer who pays after the rebate period is past must pay at this increased rate. If the authorities do not estimate the loss occasioned by discounts, and many make no attempt to do so, then a deficit results which must be made up the following year, and taxpayers who paid the full rate the previous year must now help to make up the deficit caused by allowing the discounts. The writer was told in most every city visited that the corporations, wealthy citizens, and big property holders paid at discount, while the small home owner, and the day laborer, were seldom able to take advantage of the plan.

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[46] *Report of the Massachusetts Tax Commissioners* for 1875, p. 75.

Because of the inequality resulting from the discount plan, as well as the fact that it generally fails to accomplish its purpose, the tendency during the last 10 years has been to abolish discounts entirely. This is especially true in the large cities throughout the United States. Information was gathered in 1927 by the Philadelphia Municipal Research Bureau from 30 cities, including among them 21 of the 25 largest cities in the country.[47] In only the following 9 cities were discounts given: New York, Philadelphia, Pittsburgh, Baltimore, Newark, Jersey City, Kansas City, Seattle, and Harrisburg. It will be noted that 3 of these 9 cities are in Pennsylvania and that 7 are along the Atlantic Coast. On the other hand, consider the 21 cities located in all parts of the United States where discounts, if ever allowed, have been abandoned. These cities are: Chicago, Detroit, Cleveland, St. Louis, Boston, Los Angeles, Buffalo, San Francisco, Milwaukee, Washington (D. C.), Cincinnati, New Orleans, Minneapolis, Indianapolis, Rochester, Portland (Oregon), Denver, Toledo, Columbus, Des Moines, and Duluth.

In the State of Ohio discounts have been discontinued in every subdivision of the State. An investigation would possibly show the same thing for many other states.

In the places where discounts are not allowed the authorities rely on penalties to encourage prompt payment. These penalties increase in some cases after a certain period of time, and in some cities interest is charged in addition to a flat penalty. In Cleveland and Columbus 15 per cent is charged with interest at 8 per cent when each installment becomes overdue. Los Angeles and San Francisco impose a penalty of 15 per cent as soon as the first installment becomes delinquent and 5 per cent on the second installment when it becomes delinquent and in addition these cities add 5 per cent to the 15 per cent on the first installment if it is not paid when the second one becomes delinquent. Kansas City and Seattle impose a penalty at the rate of 12 per cent per annum. Milwaukee, New Orleans, Cincinnati, Toledo, and Indianapolis add 10 per cent to the face of the tax as soon as it becomes delinquent. New York City charges interest at the rate of 7 per cent per annum from the date taxes *become due*. Boston adds interest at the rate of 6 per cent on all taxes and increases the rate to 8 per cent if the taxes due are in excess of two hundred dollars, and are not paid in 90 days. Some of these rates appear rather severe and would seem to impose a heavy burden on the delinquent taxpayer. However, in some cities where the high penalties are added, the taxable has from 3 to 5 months to pay his tax without incurring any penalty at all.

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[47] *Methods of Collecting Real Estate Taxes in the Larger Cities of the United States.* Bureau of Municipal Research of Philadelphia, May, 1927, p. 7.

Pennsylvania might well follow the example set in other states and discontinue the use of discounts altogether. Some progress along this line has already been made. In 1921 the Legislature dropped the discount on the township tax in townships of the first class and in 1925 discounts were discontinued on school taxes in all third and fourth class school districts. No one has come forward with the argument that removing these discounts has hindered the present collection of taxes in the taxing districts concerned.

If the present discount system is abolished and sole dependence is placed on penalties to secure early payment, the penalty rates will likely have to be increased and the face period of payment reduced from what it is at the present time. Whether taxes are made payable at one time or in 2 or more installments, it would seem that a 60 day face period would give all taxpayers ample opportunity in which to make payment and at the same time not place an impossible task on the tax collector's office. There is every reason to assume that people will continue to pay their taxes by check and that with proper encouragement many more would form the habit which not only lessens the work of the collector, but saves the time of the taxpayer as well.

The penalty imposed at the end of the first 60 days of the collection period should be sufficiently high as to make it unprofitable for the taxpayer to withhold his payment. As long as the penalty rate is lower than the interest rate paid by banks there is little incentive for the taxpayer to withdraw his money and pay his taxes. The same is true for the man who has his own business. He will not withdraw his funds on which he is making from 6 to 10 per cent profit to pay a tax subject to a penalty charge of only 2 or 3 per cent.

It may take some time experimenting with different rates before it can be established what the rate of penalty should be. In any event a rate of at least 5 per cent to start with would result in securing a very substantial part of the tax before the penalty period begins. Such a rate can hardly be called usurious. People who now pay early in order to secure the discount would, in all probability, pay just as early to avoid the payment of a penalty of 5 per cent. Those who pay now during the face period to escape being penalized would, in all likelihood, pay during the new face period to stay clear of a penalty as high as the old one. If this assumption is correct, around 70 per cent of the total tax levied would be received within the 60 day period and the problem of securing enough revenue in the early part of the tax year without the necessity of borrowing would be solved.

A score of city treasurers have told the writer that in their opinion they could collect from 70 to 80 per cent of their duplicates within 60 days without any discount if there was a penalty of 5 per cent added at the start of the third month. A few thought the penalty should be 10 per cent. It is interesting to note, in connection with this latter suggestion, that in the counties of Allegheny and Washington where county taxes are subject to a 10 per cent penalty, that for the year 1927 Allegheny collected over 85 per cent of the county tax before the penalty period started, and Washington collected slightly over 90 per cent of its county taxes within the same time; this in spite of the fact that these taxes had to be paid directly to the county treasurer's office instead of to the local city, borough, or township collector.

In the opinion of the writer it would not be necessary to start with a penalty higher than 5 per cent, but that such penalty should increase at the rate of from ½ to 1 per cent per month until the tax was paid or the property sold to secure payment.[48] In the past, Pennsylvania has relied too much on discounts for getting her taxes in promptly. There is every evidence that better results could be had with a properly regulated schedule of penalties, and this without inequalities or hardships resulting to any citizen.

SUMMARY.

The principal points brought out in the present chapter may be summarized as follows:

1. In practically all of the large municipalities of the State, the tax collector's office is conveniently located for the majority of the taxpayers and the office hours provided afford ample opportunity to every one to pay his taxes. One exception is in the case of ward collectors of county taxes in eight of the third class cities. In many of the small boroughs and townships the collector goes from place to place to meet the taxpayers.

2. With the exception of the cities of Philadelphia and Pittsburgh, taxpayers, in all parts of the State receive a tax bill showing how much is due and when and where the money is payable. In practically all of the taxing districts the taxpayer receives at least two separate tax bills at different times in the year and in many places, especially in the third class cities, he receives three different bills and must go to three different places at three different times to pay three different kinds of taxes.

3. In only the three cities of Philadelphia, Pittsburgh, and Scranton may taxes be paid in installments, and in the last two cities named not all taxes are so payable. However, many collectors

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[48] How soon real estate should be sold for delinquent taxes will be discussed in Chapter V on Methods of Collecting Delinquent Taxes.

throughout the State actually accept part payments in certain cases, although they are under no legal duty to do so.

4. In cities of the State a very substantial part of all taxes is paid by mail. Furthermore, a large part of what is paid at the tax office is paid by check, not by cash. In the small communities payment by mail is not found so frequently, but in recent years there has been a tendency to pay taxes in such manner.

5. In only rare cases do taxpayers at the present time have the opportunity to pay their taxes directly to local banks. In some places such payments were once permitted but the plan discontinued as unsuccessful. Such a scheme of payment, however, may prove feasible in connection with a more centralized collection system.

6. With one or two exceptions discounts and penalties are provided by law to apply to all taxes collected. The schedule of rates and the periods of time allowed vary in different parts of the State and also as to the different kinds of taxes levied. There is, in addition, a total lack of uniformity, on the part of local authorities, in the enforcement of the discount and penalty regulations. A great deal of statistical data has been offered to show whether the discounts now provided by law accomplish the desired purpose of inducing the taxpayer to pay his taxes in the early part of the tax year. The results obtained may be summarized as follows:

> (a) In the City of Philadelphia, regardless of the rate of discount, or the length of time allowed, the authorities have never received more than 31.2 per cent of the local tax levied during the discount period.
>
> (b) In the City of Pittsburgh, where the rebate period is only 30 days, the City, in 1927, received only slightly more than 10 per cent of the total duplicate during the first month of collection.
>
> (c) In the cities of the third class, the average percentage of city taxes collected in 14 cities during the two months that rebates were allowed was 56.8 per cent of the total tax levied. In third class cities the same tax collector received prior to the penalty period as large a proportion of the school tax as he received of the city tax, and this without any discount being given for prompt payment of the school tax.
>
> (d) In boroughs and townships, averaging all taxes together, approximately 70 per cent was paid at a 5 per cent discount which covered a period of from 60 to 120 days.

The figures presented in this chapter strongly indicate that so far as cities are concerned, the discounts now allowed cannot be justified on the ground that they induce the taxpayer to pay his taxes when they first fall due. On the other hand, the evidence is rather strong that it is the penalty imposed for late payment that has the most influence on the taxable.

The favorable showing made in boroughs and townships (about 70 per cent of all taxes paid during discount period) is accounted for by the very liberal schedule of rates allowed (usually a discount of 5 per cent) and the fact that taxpayers can pay at a discount sometimes as long as 4 months after the tax first becomes payable. No one would question the proposition that if the rate of discount was fixed sufficiently high, and the period of time allowed made long enough practically all taxes could be collected at a discount.

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CHAPTER IV

EXTENT OF TAX DELINQUENCY

A consideration of the collection of delinquent taxes has been reserved for separate chapters because the collection of such taxes gives rise to several distinct and independent problems. In spite of the numerous laws under which such taxes may be collected, the amount of taxes remaining unpaid is increasing so rapidly all over the State as to challenge the serious attention of the tax levying authorities.

As was pointed out in the last chapter, payment of taxes is entirely voluntary on the part of the taxpayer until the tax becomes delinquent. Until such time arrives the collector makes no attempt to collect the money, but merely receives payments when and as made by the taxpayer. The burden is thus placed entirely on the individual to come forward and meet his obligation. Prior to the penalty period the collector does no more than mail a tax bill to every taxable[1] indicating a time and place for payment. In addition the Legislature has endeavored to encourage prompt payment by providing for discounts and penalties.

After a tax once becomes delinquent the collector ceases to be merely a ''receiver'' of taxes; he becomes a collector in fact as well as in name, and may take active steps to compel payment. Since taxes are more difficult to collect after they become delinquent, more stringent methods are usually found necessary and the Legislature has therefore provided the collector with more forceful weapons. In some cases the wages of the delinquent taxpayer may be attached, in other cases his personal property sold, and even his person committed to jail, while in still other cases his real estate may be liened, and as a last resort actually sold. The collectors of school taxes usually have special remedies in addition to those named above.

It is the purpose of this chapter to show the extent to which taxes are permitted to become delinquent in the various municipalities of the State. In order to do this statistical data is presented through several tables to show three things: First, the percentage of taxes listed as delinquent during a given tax year; second, the percentage of such delinquent taxes collected before the end of the year; third, the percentage of the total tax levied remaining unpaid at the end of the year. A subsequent chapter will deal with the collector of delinquent taxes, the remedies at his disposal, and the extent to which such remedies are used and with what results.

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[1] In Philadelphia and Pittsburgh tax bills are not mailed or otherwise delivered unless requested by the taxpayer.

Since not all the local authorities are in accord as to just when a tax becomes delinquent in the sense that the collector is privileged to secure payment by distress of goods, arrest, wage attachment, etc., it is desirable to repeat at this time a definition of delinquent taxes given earlier in the report. A tax is delinquent from the moment a penalty is first received and this in spite of the fact that it may be paid within the year for which it was levied. In the City of Philadelphia, however, a tax is not legally delinquent until the end of the year for which it was levied.

TOTAL AMOUNT OF UNPAID TAXES IN THE STATE.

The total amount of unpaid local taxes for the entire State is unknown. There is no place in the State where such information is gathered and compiled. The Department of Internal Affairs, which has the authority to collect any data concerning local taxation which it considers useful, has never attempted to ascertain the total amount of outstanding taxes. In some states this information is published annually by the State Tax Commission. Pennsylvania has no regular and continuous tax commission or any other board, commission or bureau interested in preserving statistical information touching all phases of local fiscal problems. The Department of Public Instruction at Harrisburg prepares and publishes annually a statistical report which contains, among other things, valuable information concerning the collection of school taxes. This report shows the amount of school taxes for which liens have been filed during the year but not the total amount of outstanding school taxes for all years.

Not only is there a total lack of information on this subject for the State as a whole, but there is no one place where such information can be found for any county, city, borough, or township. For instance, to obtain the total amount of unpaid taxes in any county it is necessary to search through the past records of every school district, poor district, city, borough, and township in the county and, in addition, examine the files in the county commissioner's office to ascertain the amount of delinquent county taxes. If the information is desired for a single city, it is necessary to consult the records of: 1, the city treasurer's office for delinquent city taxes; 2, the school board for delinquent school taxes; 3, the county commissioner's office for delinquent county taxes for the city; and 4, if the city has a separate poor district its records must also be examined.

Inquiry made of the proper authorities in many of the largest taxing districts[2] in the State revealed the fact that many of them do not know, with any degree of accuracy, the total amount of unpaid taxes in their respective district. This lack of information on their part is due to the fact that they do not keep a cumulative record of delinquent taxes. The tax duplicate for each year is kept separately and it is therefore necessary to examine all past duplicates (containing any delinquencies) to determine the total amount of uncollected taxes at any one time. Frequently two or three of these yearly delinquent lists are out in the hands of special delinquent collectors at the same time and the taxing authorities are without accurate information as to the total amount of taxes remaining unpaid.

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[2] This statement does not cover the Cities of Philadelphia and Pittsburgh.

The writer sought to ascertain the total amount of unpaid city and county taxes in the State by consulting city and county controllers' reports.[3] After considerable difficulty such reports were secured from 32 cities and 51 counties. In a majority of cases the reports received were for the years 1927 and 1928. In some cases the report for 1929 only could be obtained. The proper authorities in 12 cities and 16 counties refused to furnish any of their reports although repeated requests for them were made.

A large majority of the reports examined failed to disclose the total amount of city or county taxes delinquent. Many of them showed the amount of delinquent taxes collected during the year; several showed the amount of unpaid taxes covered by liens filed during the year; but rarely did one show the total amount of taxes outstanding for all prior years. Since the data thus obtained covers only a small part of the State no attempt is made to present it here with the exception of a few rather interesting cases referred to in the note below.[4]

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[3] Many of the smaller counties have auditors instead of a controller and in these counties the auditors' reports were examined. Usually these reports consisted only of a detailed statement printed in a local newspaper.

[4] In Lackawanna County, on January 2, 1928, there was outstanding on the 1924 county duplicate $8,758.50; on the 1925 duplicate $164,577.40; on the 1926 duplicate $349,652.08; and on the 1927 duplicate $1,308,206.92, or a total outstanding tax for these 4 years of $1,831,194.90. This is many thousand dollars in excess of the county levy for the year 1928. The county authorities estimate that $331,194.90 will be cut from this amount by exonerations, abatements, commissions, etc. This estimate, which amounts to nearly 20 per cent of the outstanding tax, seems rather high, unless the authorities expect to be liberal in commissions and exonerations. (Figures are taken from the 1927 *Report of the Controller of Lackawanna County*).

In Fayette County, on January 2, 1928, there was outstanding on the county duplicates from 1910 to 1927 inclusive, the sum of $536,809.73. This sum amounts to 35 per cent or more of the 1928 county duplicate. *(Controller's Report, Fayette County,* 1927, p. 24.)

In Westmoreland County, on January 2, 1928, there was outstanding on the county duplicates from 1922 to 1927 inclusive, the sum of $245,210.43. This is less than 15 per cent of the county duplicate for 1928. (Page 96 of the 1927 *Annual Report of the Controller of Westmoreland County.*)

In Blair County, on January 1, 1928, there was outstanding on county duplicates from 1921 to 1927 inclusive, the sum of $266,051.61. All but a thousand dollars of this was for the years 1925, 1926, and 1927. This sum amounted to over 50 per cent of the 1928 county duplicate. *(Controller's Report, Blair County,* 1927, p. 18.)

In the City of Pittsburgh, there was, on December 31, 1928, less than two million dollars outstanding on all prior city tax duplicates. This was less than 10 per cent of the 1928 city tax duplicate. (See p. 9 of the *Report of the City*

AMOUNT OF TAXES LISTED AS DELINQUENT.

One test of the efficiency of a tax collection system is the promptness in which taxes are collected. If, after a reasonable length of time, a considerable proportion of the current year's levy remains uncollected, the system cannot be said to be successful.[5] By imposing a penalty on payments made after a given time, the Legislature has indicated what it considers a reasonable time in which the taxpayer should come forward voluntarily and pay his taxes. As a general rule, and considering the State as a whole, the taxable is given from four to six months to make payment without being penalized or coerced in any way. If a substantial part of the tax levied remains unpaid after the discount and face periods have expired, the fault is with the system which has failed to develop a proper tax-paying psychology on the part of the taxable, and not with the tax collector. No matter how large a percentage of the tax remains unpaid at the beginning of the penalty period the collector cannot be said to be inefficient if he has complied with the law as to mailing tax bills and keeping office hours. Until the tax becomes delinquent the collector is nothing more than a receiver of taxes voluntarily paid and is without a single means to compel payment.

Controller for the City of Pittsburgh for the year 1928.) On December 31, 1928, there was outstanding on the Pittsburgh school district duplicates for the years 1888 to 1927 inclusive, the sum of $1,158,486.02, or less than 7 per cent of the 1928 school duplicate. Appendix F on page 308 contains a table showing the amount due for each year since 1888 and the amount collected in 1928 for each of the prior years. Apparently no attempt was made in 1928 to collect any of the old taxes due prior to 1912. (See p. 119 of the 1928 *Annual Report of the Pittsburgh Board of Public Education*.)

In the City of Scranton, on December 31, 1929, there was outstanding on the city tax duplicates for the years 1883 to 1929 inclusive, the sum of $1,357,113.86. While this amounts to more than 60 per cent of the city duplicate for *1928* it is subject to some deductions by way of exonerations, registered taxes, etc. In addition to the above amount of unpaid city taxes there was, on January 1, 1929, the sum of $247,995.72 in registered taxes in the hands of the City Solicitor for collection. During 1929, $132,628.29 of the above sum was collected. Appendix G on page 309 contains two tables showing the uncollected city tax year by year, both registered and unregistered. It is interesting to observe the large amounts due from as far back as 1904. (See pp. 168-170 of the 1929 *City Controller's Report for the City of Scranton*.)

In the City of Philadelphia, on January 1, 1931, there was outstanding on all previous duplicates, both city and school, the enormous sum of $26,140,660.10. This amounts to 27 per cent of the joint city and school duplicate for the year 1930. (*Philadelphia Evening Bulletin*, January 5, 1931.)

[5] Assuming of course a normal year. During a prolonged business depression tax collections are bound to fall off, and different methods of collection are necessary.

AMOUNT OF TAXES REMAINING UNPAID AT THE BEGINNING OF THE PENALTY PERIOD IN ALL TAXING DISTRICTS IN YEARS 1927 AND 1928.

Table 10 shows to what extent each kind of tax remained unpaid at the beginning of the penalty period for the years 1927 and 1928. Attention is called to the fact that in computing these percentages the total amounts of taxes levied have been reduced by subtracting both the exonerations and the discounts allowed from the original duplicates delivered to the respective collectors. Consequently, the figures showing the total taxes levied represent the amounts of taxes actually due and collectible without any possible defense by the taxpayer. From 90 to 92 per cent of the taxes levied was assessed against real estate. Furthermore, the years studied here, 1927 and 1928, were normal years, so that there can be no general excuse of hard times on the part of the taxpayer.

Table 10 reveals the fact that a very substantial part of the total taxes levied in the State in 1927, and again in 1928, remained unpaid at the end of the voluntary payment period. There was a decided increase in the amount delinquent for 1928 as compared with 1927, notwithstanding the fact that 1928 was considered as a fairly prosperous year for all but the coal regions of the State. An analysis of the data presented shows that 21.2 per cent of all local taxes levied in the State remained uncollected at the close of the face period for 1927 and this increased to 25.5 per cent for 1928. There was an increase in both the amount and percentage of delinquencies in the case of every kind of tax levied, except poor taxes, where there was a slight decrease from 23.9 per cent for 1927 to 23.5 per cent for 1928.

In 1927, 28.3 per cent of the city tax for the City of Philadelphia remained unpaid at the beginning of the penalty period as compared with 37.8 per cent for the year 1928. This marked increase can be at least partly accounted for by the fact that City Council in 1928 moved the penalty period forward two months and imposed a slight penalty on payments made during July and August, while in 1927 the first penalty was not added until September. In other words, in 1927, 28.3 per cent of the city tax had not been paid at the end of the first *eight* months of the collection period, whereas in 1928, 37.8 per cent of the city tax remained unpaid at the end of the first *six* months of the collection period.

In Pittsburgh and Scranton, cities of the second class and second class A, the percentage of city taxes becoming delinquent was 12.9 per cent and 13.2 per cent for 1927 and 1928 respectively. This is considerably less than half the delinquency rate in Philadelphia, and only slightly more than half of the figure for the State as a whole.

In the cities of the third class, delinquencies increased from 20.8

TABLE 10.

CURRENT TAXES REMAINING UNPAID AT THE BEGINNING OF THE PENALTY PERIOD FOR THE YEARS 1927 AND 1928 FOR THE ENTIRE STATE.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

Kind of Tax	Year	Total taxes levied less exonerations & discounts	Current taxes remaining unpaid at the beginning of the penalty period	% of current levy unpaid at beginning of penalty period
City taxes in cities of the first class	1927	$58,019,217	$16,434,425	28.3
	1928	67,676,037	25,604,804	37.8
City taxes in cities of the second class	1927	20,021,554	2,582,206	12.9
	1928	22,964,029	3,020,203	13.2
City taxes in cities of the third class	1927	17,799,995	3,696,383	20.8
	1928	19,706,383	4,607,226	23.4
Total city taxes in all cities	1927	95,840,766	22,713,014	23.7
	1928	110,346,449	33,232,233	30.1
Borough taxes in boroughs	1927	20,961,796	3,421,524	16.3
	1928	22,337,773	3,857,766	17.3
Townships taxes in townships of the first class	1927	4,788,455	829,939	17.3
	1928	5,319,212	1,118,217	21.0
Township taxes in townships of the second class	1927	13,465,234	2,567,937	19.1
	1928	14,077,515	2,879,015	20.5
Total township taxes in all townships	1927	18,253,689	3,397,876	18.6
	1928	19,396,727	3,997,233	20.6
School taxes[1] in all school districts	1927	137,115,940	30,045,876	21.9
	1928	142,584,518	36,963,070	25.9
County taxes in all counties	1927	46,019,066	7,839,026	17.0
	1928	50,035,131	9,914,971	19.8

Poor taxes in all poor districts	1927 1928	4,976,599 5,599,963	1,187,756 1,321,974	23.9 23.6
Grand total for state	1927 1928	$323,167,856 $350,300,561	$68,605,072 $89,287,247	21.2 25.5

[1]Figures included here for the Philadelphia School District for 1927 were obtained from the local school board, and not from the Department of Internal Affairs, Harrisburg.

per cent in 1927, to 23.4 per cent in 1928. With the exception of the city tax in second class cities, the best showing was made in collecting borough taxes where the amount unpaid at the penalty period was 16.3 per cent in 1927 and 17.3 per cent in 1928. In 1927, 18.6 per cent of all township taxes became delinquent, as compared with 20.6 per cent in 1928. County tax delinquencies increased from 17.0 to 19.8 per cent during the same period. While a substantial increase is seen in the amount of school taxes uncollected at the end of the face period, the figures being 25.9 per cent for 1928 as compared with 18.4 per cent for 1927, this is mostly accounted for by the big increase in the amount of school taxes outstanding at the start of the penalty period in the City of Philadelphia, due to moving the penalty period forward, as was previously explained.

Table 10 gives only a general picture of the State, showing the total amount of each kind of tax becoming delinquent. In order to appreciate the real problem involved it is necessary to examine the facts more in detail. In some counties in the State the amount of taxes listed as delinquent is so small as not to present a real problem, while in other counties, or certain political subdivisions of them, the problem is so serious as to occasion real alarm on the part of the officials responsible for raising sufficient money to carry on local affairs.

AMOUNT OF TAXES REMAINING UNPAID AT THE BEGINNING OF THE PENALTY PERIOD IN PHILADELPHIA AND PITTSBURGH FOR THE YEARS 1927 AND 1928.

Since considerably more than one-third of all local taxes collected in the State are collected in the cities of Philadelphia and Pittsburgh, the facts for these two cities are presented separately.[6] The figures for 1927 and 1928 are shown in Table 11.

These figures disclose a wide variation between the two cities in the amount of taxes remaining unpaid at the beginning of the penalty period. The taxing officials in the City of Pittsburgh are able to do what the same officials in Philadelphia cannot do—to wit: collect the bulk of their taxes within a few months. In 1927 only 12.6 per cent of all taxes levied in the City of Pittsburgh became delinquent, and for 1928 this had increased to only 13.0 per cent. During the same time the amount of taxes subject to penalty in Philadelphia increased from 29.0 to 38.3 per cent. Not only is the percentage of unpaid taxes in Pittsburgh less than half, when compared with Philadelphia, but the rate of increase for 1928 over 1927 is the lowest of any large city in the State.

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[6] No attempt is made to present facts on the point under consideration for the City of Scranton for the years 1927 and 1928, because the writer does not believe that the detailed figures reported to Harrisburg are correct.

The figures shown are even more significant when it is recalled that the discount and face periods combined, for city and school taxes, was only three months in Pittsburgh as compared with eight months in 1927, and six months in 1928 in the City of Philadelphia. In 1928, so far as city and school taxes are concerned, Pittsburgh was able to

TABLE 11.

CURRENT TAXES REMAINING UNPAID AT THE BEGINNING OF THE PENALTY PERIOD FOR EACH KIND OF TAX LEVIED IN THE CITIES OF PHILADELPHIA AND PITTSBURGH FOR THE YEARS 1927 AND 1928.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

	Kind of Tax	Year	Total taxes levied less exonerations and discounts	Current taxes remaining unpaid at the beginning of the penalty period	Per cent of current levy unpaid at penalty period
City of Philadelphia	City	1927	$58,019,217	$16,434,425	28.3
	“	1928	67,676,037	25,604,804	37.8
	(1) School	1927	28,351,906	8,596,167	30.3
	“	1928	29,739,080	11,783,875	39.6
	Independent Poor District	1927	255,461	67,588	26.5
	“	1928	217,564	16,530	7.6
	All Taxes in City	1927	86,626,584	25,100,180	29.0
	“	1928	97,632,681	37,405,209	38.3
City of Pittsburgh	City	1927	17,826,884	2,108,208	11.8
	“	1928	20,781,884	2,572,285	12.4
	School	1927	12,177,400	1,750,350	14.4
	“	1928	12,631,698	1,668,678	13.2
	County	1927	9,242,846	1,079,727	11.7
	“	1928	9,716,276	1,351,201	13.9
	All Taxes in City	1927	39,247,130	4,938,285	12.6
	“	1928	43,129,858	5,592,164	13.0

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[1] The figures presented here for School Taxes in Philadelphia for the year 1927 were obtained from the records of the Philadelphia School District, and not from the Department of Internal Affairs.

collect over 87.0 per cent of its levy within the first three months of the year, while Philadelphia collected less than 62.1 per cent during the first six months of the year.

For the City of Pittsburgh, discount, face, and penalty periods are fixed by Act of the General Assembly, while in Philadelphia they are regulated by City Council. Since City Council has full authority in this matter it might do well to consider the splendid showing made in this connection in the second largest city of the State.

The large increase in delinquencies in Philadelphia for 1928 over 1927 is only partly accounted for by the fact that City Council moved the penalty period forward from September 1 to July 1. This change did not legally affect the collecting of poor taxes in the Independent Poor Districts of the City and the figures presented here show that they were able to collect a very high percentage of their taxes before the penalty for 1928 was imposed. While there is a slight decrease in the amount of poor taxes levied for 1928 as compared with 1927 that fact alone cannot explain the decrease in unpaid poor taxes from 26.5 per cent in 1927, to 7.6 per cent in 1928. Either the collectors of poor taxes exerted greater effort in 1928, or the taxpayers were more anxious to avoid paying a penalty for their delinquency. It is also possible that the authorities responsible for receiving money for poor purposes were more stringent in their demands on the collectors in 1928 in order not to duplicate the bad showing made in 1927.

PERCENTAGE OF TAXES REMAINING UNPAID AT THE BEGINNING OF THE PENALTY PERIOD IN THIRD CLASS CITIES, BOROUGHS, AND TOWNSHIPS FOR THE YEAR 1927.

Table 12 shows the percentage of the total tax levied which remained unpaid at the beginning of the penalty period for the year *1927* for each kind of tax levied in cities of the third class, boroughs, and townships. The figures presented in the first column of this table covers all taxes levied in the county irrespective of the kind of tax or the type of municipality in which levied.

Table 12 shows that the percentage of taxes becoming delinquent ranged from 9.0 per cent in Pike County to 34.5 per cent in Clearfield County. The average for the State was 21.2 per cent and 27 out of 67 counties exceeded that mark. The 10 counties having the highest percentage of their taxes payable with a penalty attached are: Clearfield, 34.5 per cent; Columbia, 33.5 per cent; Potter, 32.0 per cent; Lackawanna, 29.9 per cent; Clinton, 29.0 per cent; Jefferson, 28.8 per cent; Luzerne, 26.8 per cent; Sullivan, 26.7 per cent; Tioga, 26.3 per cent; and McKean, 26.2 per cent. The 10 counties having the lowest percentage of delinquencies are: Pike, 9.0 per cent; Washington, 10.3 per cent; Westmoreland, 11.5 per cent; Carbon, 11.9 per cent;

TABLE 12.

PERCENTAGE OF CURRENT TAXES REMAINING UNPAID AT THE BEGINNING OF THE PENALTY PERIOD IN CITIES OF THE THIRD CLASS, BOROUGHS, AND TOWNSHIPS, FOR THE YEAR 1927.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

Name of County	All Taxes in county	Cities of the Third Class				Boroughs				Townships of the First Class				Townships of the Second Class			
		City Tax	School Tax	County Tax	Poor Tax	Borough Tax	School Tax	County Tax	Poor Tax	Township Tax	School Tax	County Tax	Poor Tax	Township Tax	School Tax	County Tax	Poor Tax
Adams	21.0	------	------	------	------	7.9	18.9	11.1	------	------	------	------	------	23.6	27.2	26.4	------
Allegheny	14.4[1]	12.5	12.8	11.8	11.7	13.5	19.5	16.5	17.3	21.4	22.7	20.5	21.2	14.6	20.6	20.2	21.3
Armstrong	20.8	------	------	------	------	10.9	18.9	18.1	15.6	------	------	------	------	19.9	28.8	25.4	25.5
Beaver	15.2	------	------	------	------	11.1	16.3	11.5	12.0	30.8	14.9	49.5	33.1	18.8	25.7	23.6	24.4
Bedford	21.4	------	------	------	------	9.8	18.4	9.4	------	------	------	------	------	22.0	27.5	22.1	------
Berks	14.9	20.9	4.6	30.9	------	10.2	10.7	8.2	------	------	------	------	------	22.6	19.3	17.6	------
Blair	23.7	10.6	19.7	32.9	------	24.3	21.2	22.6	------	------	------	------	------	34.8	35.7	29.7	------
Bradford	15.0	------	------	------	------	7.6	12.4	15.4	11.7	------	------	------	------	17.7	26.0	9.8	6.8
Bucks	21.6	------	------	------	------	14.6	21.0	15.3	------	------	------	------	------	21.0	25.8	29.9	------
Butler	20.9	14.9	18.4	16.6	------	12.5	24.0	14.7	------	17.5	17.0	20.3	------	22.7	32.8	26.0	------
Cambria	21.1	28.1	20.5	14.3	------	21.6	24.1	16.9	------	10.2	28.6	19.4	------	17.4	17.3	19.4	------
Cameron	26.7	------	------	------	------	42.4	21.6	27.8	18.0	------	------	------	------	48.2	15.6	44.5	3.5
Carbon	11.9	------	------	------	------	8.5	13.1	11.4	16.1	------	------	------	------	13.6	12.2	5.2	14.1
Centre	16.4	------	------	------	------	18.5	6.7	20.9	16.2	------	------	------	------	22.6	14.1	33.2	16.7
Chester	16.3	2.5	8.5	4.2	------	14.6	15.6	8.2	------	------	------	------	------	23.2	23.0	14.0	------
Clarion	23.0	------	------	------	------	15.3	23.6	13.9	16.3	------	------	------	------	23.2	32.5	19.9	24.3
Clearfield	34.5	54.5	24.5	30.4	32.3	31.1	30.0	28.8	30.9	------	------	------	------	38.6	38.0	36.4	38.8
Clinton	29.0	19.7	13.6	59.0	------	19.5	36.8	12.9	------	------	------	------	------	30.6	36.2	32.1	33.3
Columbia	33.5	------	------	------	------	20.0	33.0	19.8	18.0	------	------	------	------	35.6	43.9	38.9	50.1
Crawford	17.9	18.8	12.2	0.0	------	12.0	16.3	7.2	------	------	------	------	------	22.5	33.7	17.0	------
Cumberland	23.7	------	------	------	------	17.9	26.7	16.8	------	------	------	------	------	32.2	24.4	21.1	------
Dauphin	18.6	18.1	20.8	10.7	------	9.2	19.3	26.5	------	27.3	30.7	64.0	------	13.8	22.8	15.9	------
Delaware	19.5	26.1	23.4	38.3	47.9	18.6	10.1	11.8	16.7	29.8	18.4	11.5	15.4	27.4	8.1	13.2	18.4
Elk	12.8	------	------	------	------	12.8	12.6	17.9	14.7	------	------	------	------	9.5	13.9	9.0	7.8
Erie	18.1	22.7	16.0	0.3	------	12.7	24.3	11.9	------	10.0	5.5	4.6	------	29.6	30.7	25.4	------
Fayette	17.8	26.1	25.3	23.0	25.4	24.6	27.5	29.9	32.4	------	------	------	------	10.8	12.9	16.3	18.9

Forest	25.2	------	------	------	------	22.0	26.2	25.6	28.4	------	------	------	------	22.2	25.4	24.4	31.8
Franklin	20.7	------	------	------	------	14.5	21.2	10.0	------	------	------	------	------	22.8	25.1	21.4	------
Fulton	25.0	------	------	------	------	0.0	11.4	4.2	------	------	------	------	------	24.4	39.2	9.4	13.5
Greene	12.6	------	------	------	------	13.2	26.2	10.2	------	------	------	------	------	6.7	19.9	6.7	------
Huntingdon	19.0	------	------	------	------	12.9	19.3	9.8	------	------	------	------	------	21.4	27.4	17.6	------
Indiana	19.1	------	------	------	------	16.0	17.0	10.5	------	------	------	------	------	21.2	23.4	14.6	------
Jefferson	28.8	------	------	------	------	21.2	29.2	18.4	20.8	------	------	------	------	34.0	36.0	28.1	30.6
Juniata	23.2	------	------	------	------	28.4	10.9	14.7	17.3	------	------	------	------	17.3	28.1	27.3	24.9
Lackawanna	29.9[2]	41.1	33.7	88.6	68.4	24.1	24.8	35.7	22.5	61.8	44.5	60.6	63.4	32.0	24.3	38.7	18.7
Lancaster	12.2	14.8	12.6	3.5	------	11.2	10.7	9.5	------	------	------	------	------	11.0	15.8	9.1	------
Lawrence	20.6	25.8	17.4	13.9	11.3	14.5	17.1	24.1	25.7	------	------	------	------	21.0	29.9	28.2	29.8
Lebanon	17.1	19.1	28.1	7.5	9.3	9.7	9.5	6.1	7.4	11.7	10.8	16.2	19.5	17.6	17.6	20.7	24.7
Lehigh	14.7	20.2	14.0	0.1	------	12.2	24.4	8.5	------	11.1	5.6	2.2	------	18.4	21.1	8.4	------
Luzerne	26.8	25.1	22.0	10.4	33.5	35.1	34.9	13.9	29.7	5.8	33.9	25.1	36.2	18.5	46.0	10.9	33.0
Lycoming	20.4	32.4	14.4	0.0	36.4	16.8	26.5	9.9	13.0	------	------	------	------	23.8	32.2	19.7	21.0
McKean	26.2	32.6	36.4	13.4	23.8	17.7	25.1	27.5	24.1	------	------	------	------	21.8	22.1	29.8	22.1
Mercer	24.2	25.1	33.4	29.3	------	15.3	26.3	13.8	------	------	------	------	------	27.1	23.6	25.6	------
Mifflin	24.9	------	------	------	------	17.8	21.9	16.2	------	------	------	------	------	26.7	35.4	27.5	------
Monroe	15.5	------	------	------	------	12.2	16.3	11.0	36.5	------	------	------	------	14.8	18.0	11.6	16.6
Montgomery	16.2	------	------	------	------	14.1	19.8	13.7	------	10.9	21.2	15.5	------	19.2	20.0	19.0	------
Montour	18.1	------	------	------	------	9.6	28.0	8.2	9.4	------	------	------	------	10.4	23.0	7.8	13.0
Northampton	20.1	17.2	16.6	28.4	------	20.8	26.0	15.8	------	------	------	------	------	24.4	26.0	16.7	------
Northumberland	24.8	10.2	14.7	13.4	45.7	12.3	30.3	24.3	23.3	13.6	41.6	34.9	11.4	20.7	18.8	37.2	23.0
Perry	24.9	------	------	------	------	16.2	27.2	11.5	------	------	------	------	------	23.5	31.9	24.9	------
Philadelphia	29.0[3]	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
Pike	9.0	------	------	------	------	3.8	9.3	1.8	3.6	------	------	------	------	11.1	14.3	3.8	12.0
Potter	32.0	------	------	------	------	16.8	21.7	42.9	24.0	------	------	------	------	38.7	35.6	45.6	38.9
Schuylkill	18.2	15.4	39.8	5.1	------	14.9	24.4	16.6	------	------	------	------	------	10.7	12.0	18.4	------
Snyder	19.5	------	------	------	------	15.5	14.3	13.5	20.0	------	------	------	------	20.7	25.9	16.2	16.5
Somerset	25.8	------	------	------	------	21.4	27.1	17.8	------	------	------	------	------	24.6	29.4	26.5	------
Sullivan	26.7	------	------	------	------	45.4	3.1	14.0	14.5	------	------	------	------	20.7	37.4	20.1	16.6
Susquehanna	22.4	------	------	------	------	17.3	22.5	14.2	17.4	------	------	------	------	22.0	32.8	18.9	19.7
Tioga	26.3	------	------	------	------	18.7	23.4	16.9	10.6	------	------	------	------	27.4	33.0	30.4	27.1
Union	21.2	------	------	------	------	12.7	22.6	11.4	12.8	------	------	------	------	14.8	32.9	15.7	21.9
Venango	16.6	16.9	17.2	5.4	6.7	13.0	16.8	4.9	11.0	------	------	------	------	20.2	29.0	11.9	13.0
Warren	12.5	------	------	------	------	8.7	4.2	8.4	------	------	------	------	------	21.8	24.4	15.5	------
Washington	10.3	8.2	15.5	9.1	------	9.3	11.1	8.8	------	24.3	25.1	13.9	------	9.7	9.7	8.7	------
Wayne	19.1	------	------	------	------	9.7	12.6	10.4	8.1	------	------	------	------	24.2	27.0	17.6	18.6
Westmoreland	11.5	9 3	17.4	6.6	------	13.4	7.3	14.5	------	------	------	------	------	13.5	8.3	18.5	------
Wyoming	21.3	------	------	------	------	6.2	12.9	6.8	11.9	------	------	------	------	24.7	30.4	24.0	26.9
York	16.7	15.2	20.2	4.9	------	10.3	18.2	9.5	------	25.9	16.4	9.7	------	17.3	26.7	18.7	------

[1] Includes all taxes in the City of Pittsburgh.
[2] Includes all taxes in the City of Scranton.
[3] Includes all taxes in the City of Philadelphia.

Lancaster, 12.2 per cent; Warren, 12.5 per cent; Greene, 12.6 per cent; Elk, 12.8 per cent; Allegheny, 14.4 per cent; and Lehigh, 14.7 per cent.

In several of the third class cities an extraordinarily high percentage of one or more of the various taxes levied became delinquent. The worst condition is found in the City of Carbondale, in Lackawanna County, where 41.1 per cent of the city tax, 33.7 per cent of the school tax, 88.6 per cent of the county tax, and 68.4 per cent of the poor tax remained unpaid at the end of the face period. The City of Du Bois, in Clearfield County, did not do much better with delinquencies as follows: city tax, 54.5 per cent, school tax, 24.5 per cent, county tax, 30.4 per cent, and poor tax, 32.3 per cent. While the average for Delaware County was below the average for the State as a whole, Chester, the only city in the county, had a higher percentage of its taxes go delinquent than any third class city in the State, except Carbondale and Du Bois mentioned above. The exact percentages were: city taxes, 26.1; school taxes, 23.4; county taxes, 38.3; and poor taxes, 47.9. The cities of Connellsville and Uniontown in Fayette County, taken together, had an average of 25 per cent of each of the 4 taxes levied remaining unpaid when the penalty period began.

In some cities the percentage of delinquencies was high for one kind of tax and low for another. For instance, in the City of Reading 20.9 per cent of the city tax and 30.9 per cent of the county tax became delinquent, while all but 4.6 per cent of the school tax was collected prior to the penalty period. A separate collector received each of these three taxes. Again, in the City of Altoona, 19.7 per cent of the school tax and 32.9 per cent of the county tax, as compared with 10.6 per cent of the city tax became delinquent. Here all three taxes were collected at the same tax office.

A few of the cities were successful in collecting a very high percentage of their taxes before the penalty was added. The best record was made in the City of Coatesville, in Chester County, where only 2.5 per cent of the city tax, 8.5 per cent of the school tax, and 4.2 per cent of the county tax became delinquent. The three third class cities in Allegheny County, Clairton, Duquesne, and McKeesport, were also able to collect a very large part of 1927 taxes before they became delinquent. Taking the three cities together (the variation between cities was slight) the percentage of unpaid taxes was as follows: city tax, 12.5 per cent; school tax, 12.8 per cent; county tax, 11.8 per cent; and poor tax, 11.7 per cent. Other cities where the amount of taxes remaining unpaid at the beginning of the penalty period was small are Greensburg, Lancaster, Monessen, Monongahela, and Washington.

It is interesting to note that in the cities of Allentown and Bethlehem, Lehigh County; Corry and Erie, Erie County; Meadville and Titusville, Crawford County, all county taxes are reported as having been collected prior to the penalty period. This is such a remarkable achievement in collecting taxes that the writer sought to ascertain whether or not some error had been made in the information sent to the Department of Internal Affairs at Harrisburg. No error was found, however, and the County Controller's Report covering the period in question substantiated the Harrisburg figures with one or two exceptions where from one to three tenths of one per cent of the 1927 county tax was collected after the penalty period began. With the possible exception of the City of Corry, county taxes in the six cities named above were collected in 1927 by ward collectors. The figures showing perfect collection do not necessarily mean that every taxpayer paid his taxes promptly. In some cases they may mean that the tax collector was compelled to advance the taxes at certain times and look to the taxpayer for reimbursement. Or, they may mean, as they certainly did in some cases, that no definite penalty period was enforced by the local authorities.

Table 12 shows in detail the delinquency situation in regard to each kind of tax levied in the boroughs and townships of each county. The percentages given are for all boroughs or townships within the county collectively. Out of this mass of detail two things may be singled out. First, that with the exception of about six counties, the percentage of tax delinquency is much higher in the townships than it is in the boroughs. This is explained in part, at least, by the fact that the taxpayers are, as a rule, more scattered in the townships than they are in the boroughs, and the opportunity to drop in and pay the collector is not so great; also, the discount period is for an indefinite length of time in the townships, while it is always for at least three months in the boroughs. It should be remembered also, as was pointed out in Chapter III, that a much smaller amount of taxes is paid by mail in townships, especially townships of the second class, than is paid in boroughs. The second thing to be observed from Table 12 is the fact that of the four kinds of taxes levied, the highest percentage of delinquency occurs in connection with the school tax in both boroughs and townships. In regard to boroughs, the school tax delinquencies were highest in 42 counties, borough tax in 10 counties, county tax in 8 counties, and the poor tax in 7 counties. Much the same situation is found to exist in reference to the second class townships. Here school tax delinquencies were highest in 43 counties, county tax in 9 counties, poor tax in 7 counties, and township tax in 6 counties.

The fact that school tax delinquencies are the highest in two-thirds of the counties is not difficult to explain. In all second, third, and fourth class school districts,[7] school taxes become delinquent on October 1, and since the fiscal school year does not begin until July 1 the taxpayer at the most has had but three months in which to voluntarily pay his taxes. This is only one-half of the time he has had to pay his borough, township, county, or poor taxes. Not only is the voluntary payment period one-half as long but there is no discount given on the school tax, whereas a reduction of 5 per cent is allowed for payments made within three months on each of the other taxes collected.

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[7] Nearly all the school districts in boroughs and townships are of the third and fourth class.

Tables 10, 11, and 12 show that with the exception of a few counties, mostly in the Western part of the State, a very substantial part of the local revenue is not received until after a penalty has been imposed, and this not until four to six months after the collection period starts. Furthermore, collections are frequently not started until from two to six months after the beginning of the fiscal year for which the money is needed.

The delay in starting collections is due, in some instances, to State laws, but in many cases, and especially in regard to county taxes, the delay is caused by the authorities responsible for raising the revenue. Rarely does the tax collector contribute to this delay. Many collectors start as soon as they receive the tax duplicates, and seldom is more than two or three weeks' time necessary to get out the tax notices and do the other things necessary to the actual work of receiving the money.

The writer, however, found numerous instances throughout the State where the collector was not able to start his work promptly because the assessors had failed to complete their work in sufficient time to enable the local authorities to prepare the tax duplicate. These delays explain, in part, why some municipalities do not receive the bulk of their money until late in the year, but they do not explain why a large number of taxpayers fail to make payment until after a penalty has been added to the tax as levied. Since the causes of tax delinquencies will be discussed later in this report it is necessary only to point out here that Tables 10, 11, and 12 show clearly that the taxpayer cannot be depended upon to come forward voluntarily and pay his taxes even with the inducement of a generous discount and six months within which to make payment.

EXTENT TO WHICH DELINQUENT TAXES ARE COLLECTED DURING THE YEAR IN WHICH THEY BECOME DELINQUENT.

While it is to the advantage of the taxing district to receive its revenue early in the year, and before the taxpayer has been put to any extra expense, yet no special harm has been done if it is able to collect enough money during the remainder of the year to meet its current obligations.

If local governments are to operate smoothly and economically they must receive, during any one year, the taxes levied for that year's operating expenses. If the taxpayers do not voluntarily pay their taxes within the time allowed, a tax collector who is honest, efficient, and courageous will prosecute all claims to the end that the money necessary to carry on local affairs will be available when needed.

When a tax becomes delinquent the collector is no longer justified in waiting for the taxpayer to come to him and make payment. At the beginning of the penalty period he is, for the first time, authorized to take active steps to collect the money. The Legislature has sought to arm him with sufficient weapons to compel a quick settlement. Under certain circumstances he may arrest the delinquent and commit him or her to jail. For failure to pay certain taxes the wages of the taxpayer may be attached. Usually the personal property of the taxable may be levied upon and sold and, as a rule, rent due may be collected from a tenant to satisfy taxes owing by the landlord.

Here then is one test of the efficiency of the tax collector. With a certain amount of the year's tax outstanding as delinquent, with the taxing districts in need of money, with numerous laws at his disposal, how successful is the collector in compelling payment?

AMOUNT OF CURRENT DELINQUENT TAXES COLLECTED DURING THE YEAR THEY BECAME DELINQUENT.

Table 13 presents the figures on this point for the years 1927 and 1928, for each kind of tax levied in the State. The figures show what proportion of the tax listed as delinquent was collected during the year for which the tax was levied. No information on this point is given for the City of Philadelphia since its taxes are not considered as delinquent until the first day of the year following the year for which they are levied.

Taking the State as a whole (outside of Philadelphia) there was in 1928, $51,882,038 of taxes which became delinquent and subject to collection by legal force exerted on the part of the collecting officials. Of this amount, only $22,020,007, or 42.4 per cent was collected before the end of the year. Undoubtedly a very large part of this latter sum was paid voluntarily by the taxpayer. Nearly thirty million dollars, or 57.6 per cent of the delinquent tax was carried over into the next year, in spite of the fact that the tax collectors had the whole legal machinery of the State back of them, had they seen fit to compel payment. The percentage of collections was less in 1928 than it was in 1927, although the difference was slight for the State as a whole. The most favorable showing was made in the collection of school taxes where 57.6 per cent of the delinquent tax for 1928 was collected during the fiscal year for which it was levied. This was a slight improvement over the 55.8 per cent collection made in 1927. In the case of every other kind of tax levied there was a decrease in the percentage collected in 1928 as compared with 1927.

Collection of delinquent county taxes decreased from 19.0 per cent in 1927 to 15.9 per cent in 1928. An even sharper decline was made in regard to collecting poor taxes, the figures being 22.4 and 12.9 per cent for 1927 and 1928 respectively. One reason why so little of the delinquent county and poor taxes was collected before the end of the year is that in many parts of the State the authorities did not start

TABLE 13.

AMOUNT OF DELINQUENT TAXES COLLECTED OUTSIDE OF PHILADELPHIA FROM THE BEGINNING OF THE PENALTY PERIOD TO THE END OF THE YEAR FOR THE YEARS 1927 AND 1928.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

Kind of tax	Year	Total taxes levied less exonerations & discounts remaining unpaid at beginning of penalty period	Amount of delinquent taxes collected from beginning of penalty period to end of year	% of delinquent taxes collected during year they became delinquent
City taxes in all cities	1927	$6,278,589	$3,106,373	49.5
	1928	7,627,429	3,683,910	48.3
Borough taxes in boroughs	1927	3,421,524	664,138	19.4
	1928	3,857,766	709,751	18.4
Township taxes in townships	1927	3,397,876	1,312,354	38.6
	1928	3,997,233	1,372,093	34.3
School taxes in school districts	1927	21,447,709	11,976,645	55.8
	1928	25,179,195	14,511,466	57.6
County taxes in counties	1927	7,839,026	1,493,279	19.0
	1928	9,914,971	1,574,558	15.9
Poor taxes in poor districts	1927	1,120,168	250,748	22.4
	1928	1,305,444	168,229	12.9
Grand total for state	1927	$43,504,892	$18,984,603	43.6
	1928	$51,882,038	$22,020,007	42.4

collections until so late that the tax did not become delinquent until November or December, and in some cases, not until January of the following year. Considering the length of time after delinquency in which collections can be made before the end of the year, the poorest showing was made in regard to taxes levied for borough purposes. As a rule, borough taxes become delinquent around August or September, but in spite of the four months or more in which the collectors have to work on the delinquent accounts, only 19.4 per cent of the delinquent tax in 1927 and 18.4 per cent in 1928 were collected within this time.

While the figures for the State as a whole show that the methods now used to collect delinquent taxes fail to accomplish the end desired, i.e., collection during the year for which levied, still some counties considered as a unit, and many subdivisions of others, are quite successful with their delinquent collections.

PERCENTAGE OF 1927 DELINQUENT TAXES COLLECTED DURING 1927 IN THIRD CLASS CITIES, BOROUGHS, AND TOWNSHIPS.

Table 14 presents in detail the percentage of each tax collected in the cities of the third class, boroughs, and townships between the penalty period and the end of the year. The figures are for the year 1927. Where there was no delinquent tax to be collected an asterisk indicates that fact, and where there was some tax to be collected, but none was collected, that fact is indicated by a zero mark.

The first column of Table 14 shows by counties the percentage of delinquent taxes collected before the end of the year. The nearest approach to a perfect record was made in Crawford County where 87.1 per cent of all taxes becoming delinquent in 1927 were collected before the end of the year. The poorest results were obtained in Centre County where such collections amounted to only 6.6 per cent.

There were only 9 counties where 70.0 per cent or more of the delinquent tax was collected promptly. These counties with their respective percentages are as follows: Crawford, 87.1 per cent; Wyoming, 81.3 per cent; Bradford, 74.3 per cent; Lawrence, 74.3 per cent; Bucks, 73.5 per cent; Lehigh, 73.2 per cent; Fulton, 72.9 per cent; York, 71.2 per cent; and Somerset, 71.0 per cent. Ten counties collected between 30 and 40 per cent, 17 between 40 and 50 per cent, 18 between 50 and 60 per cent, and 6 between 60 and 70 per cent. The following 6 counties collected less than *30.0* per cent: Centre, 6.6 per cent; Sullivan, 16.6 per cent; Luzerne, 21.3 per cent; Clearfield, 24.2 per cent; Lackawanna 25.0 per cent; and Tioga, 27.5 per cent.

It is a significant fact that of the 6 counties last named, 5 were among the 10 counties shown in Table 12 to have the highest percentage of their tax subject to collection during the delinquent period.

TABLE 14.

PERCENTAGE OF 1927 DELINQUENT TAXES COLLECTED FROM THE BEGINNING OF THE PENALTY PERIOD IN 1927 TO THE END OF THE YEAR IN CITIES OF THE THIRD CLASS, BOROUGHS, AND TOWNSHIPS.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

Name of County	All Taxes in county	Cities of the Third Class				Boroughs				Townships of the First Class				Townships of the Second Class			
		City Tax	School Tax	County Tax	Poor Tax	Borough Tax	School Tax	County Tax	Poor Tax	Township Tax	School Tax	County Tax	Poor Tax	Township Tax	School Tax	County Tax	Poor Tax
Adams	40.7	------	------	------	------	37.8	35.4	33.1	------	------	------	------	------	11.2	66.7	33.0	------
Allegheny	39.3[1]	43.9	51.1	28.9	28.8	14.4	58.8	33.0	32.9	34.9	39.9	23.5	23.5	3.8	48.5	28.2	27.1
Armstrong	42.3	------	------	------	------	4.1	79.0	0.0	0.0	------	------	------	------	32.8	67.5	0.0	0.0
Beaver	46.5	------	------	------	------	28.9	67.1	23.5	35.7	44.9	60.8	7.9	15.7	23.3	52.1	20.0	20.2
Bedford	74.3	------	------	------	------	4.0	86.1	100.	------	------	------	------	------	54.7	72.1	100.	------
Berks	43.9	70.0	24.7	0.0	------	23.9	70.8	58.0	------	------	------	------	------	27.6	65.6	26.8	------
Blair	42.2	0.0	68.9	0.0	------	20.1	63.6	21.6	------	------	------	------	------	33.9	68.5	7.8	------
Bradford	52.0	------	------	------	------	31.6	74.1	0.3	0.0	------	------	------	------	47.1	80.9	0.0	0.0
Bucks	73.5	------	------	------	------	59.7	70.9	94.7	------	------	------	------	------	70.3	67.4	90.9	------
Butler	55.2	98.0	99.3	0.0	------	24.3	64.3	0.0	------	43.4	59.4	0.0	------	37.7	80.9	0.0	------
Cambria	48.1	56.2	64.2	0.0	------	17.7	65.4	0.0	------	65.3	97.6	0.0	------	33.8	57.3	0.0	------
Cameron	46.1	------	------	------	------	67.5	0.8	51.1	0.0	------	------	------	------	84.2	10.5	79.5	0.0
Carbon	52.6	------	------	------	------	2.4	67.1	52.1	38.8	------	------	------	------	11.9	70.2	42.2	28.2
Centre	6.6	------	------	------	------	20.8	0.0	0.0	0.0	------	------	------	------	12.9	0.0	0.0	0.0
Chester	55.1	0.0	48.6	0.0	------	50.5	78.9	26.5	------	------	------	------	------	41.3	68.2	8.9	------
Clarion	57.8	------	------	------	------	45.3	93.9	1.5	1.5	------	------	------	------	62.4	78.4	2.3	3.1
Clearfield	24.2	34.2	68.1	33.1	36.2	0.3	38.0	0.1	0.1	------	------	------	------	7.3	29.3	2.5	2.5
Clinton	46.0	47.2	91.2	0.0	------	0.0	84.1	0.0	------	------	------	------	------	23.4	69.0	0.0	0.0
Columbia	45.1	------	------	------	------	18.4	68.6	0.0	31.3	------	------	------	------	69.0	50.3	0.0	16.8
Crawford	87.1	83.0	95.2	*	------	75.2	90.1	100.	------	------	------	------	------	67.1	91.4	99.6	------
Cumberland	53.2	------	------	------	------	4.5	93.7	2.6	------	------	------	------	------	28.4	79.0	2.4	------
Dauphin	69.6	69.9	88.1	0.0	------	52.9	94.5	0.0	------	77.8	83.3	0.0	------	25.4	77.9	0.0	------
Delaware	40.7	56.8	58.9	0.0	0.0	10.1	25.7	0.0	0.0	58.2	54.2	0.0	0.0	25.7	0.0	0.0	0.0
Elk	46.7	------	------	------	------	15.0	75.4	20.2	25.5	------	------	------	------	23.2	62.7	0.0	0.0
Erie	58.9	38.8	66.0	0.0	------	79.8	82.5	99.1	------	84.0	73.0	77.9	------	60.3	75.7	90.9	------
Fayette	39.3	34.5	94.8	0.0	0.0	18.9	63.8	0.1	0.4	------	------	------	------	16.4	47.8	0.6	0.7

Forest	31.2	------	------	------	------	0.0	93.3	0.0	0.0	------	------	------	------	29.3	47.8	0.0	0.0
Franklin	35.3	------	------	------	------	14.7	41.4	4.9	------	------	------	------	------	28.1	52.0	7.8	------
Fulton	72.9	------	------	------	------	*	100.	0.0	------	------	------	------	------	59.6	87.5	0.0	0.0
Greene	52.2	------	------	------	------	16.5	57.7	62.8	------	------	------	------	------	26.0	63.6	45.2	------
Huntingdon	50.9	------	------	------	------	22.8	70.8	0.0	------	------	------	------	------	41.8	72.0	0.0	------
Indiana	47.0	------	------	------	------	32.8	67.5	27.0	------	------	------	------	------	23.0	61.3	21.6	------
Jefferson	50.0	------	------	------	------	48.5	72.1	7.8	8.6	------	------	------	------	23.5	61.0	11.1	12.2
Juniata	34.0	------	------	------	------	0.0	3.6	15.6	18.7	------	------	------	------	29.6	55.3	21.7	10.8
Lackawanna	25.0[2]	39.9	20.0	0.0	0.0	12.7	31.7	0.2	3.6	0.0	46.2	0.0	0.0	7.8	48.6	1.6	6.3
Lancaster	66.1	71.4	79.7	57.0	------	34.2	57.3	77.2	------	------	------	------	------	43.1	70.9	78.2	------
Lawrence	74.3	82.0	82.7	46.3	47.2	27.0	81.6	8.7	9.3	------	------	------	------	65.	92.7	44.6	47.1
Lebanon	35.1	37.8	26.1	0.0	0.0	28.8	84.8	0.0	0.0	31.9	71.3	0.0	0.0	19.2	62.8	0.0	0.0
Lehigh	73.2	64.2	99.1	*	------	33.5	51.7	30.6	------	51.7	29.6	*	------	40.9	87.7	68.6	------
Luzerne	21.3	32.4	11.2	0.0	18.0	4.3	37.8	0.0	33.0	4.9	24.8	0.0	3.6	29.0	32.6	0.0	23.3
Lycoming	62.7	70.6	73.1	*	70.6	50.4	74.6	0.0	51.8	------	------	------	------	46.1	49.9	0.0	41.3
McKean	60.4	42.8	56.5	100.	55.3	18.0	71.7	100.	65.4	------	------	------	------	34.4	82.1	96.9	60.0
Mercer	42.1	53.3	63.6	0.0	------	3.6	73.7	0.0	------	------	------	------	------	22.8	56.2	0.0	------
Mifflin	44.8	------	------	------	------	0.3	89.4	0.0	------	------	------	------	------	9.6	59.4	0.5	------
Monroe	50.4	------	------	------	------	16.4	94.3	24.0	12.8	------	------	------	------	30.8	75.8	30.7	38.1
Montgomery	58.4	------	------	------	------	41.7	76.9	0.0	------	53.9	60.9	0.0	------	71.8	83.1	0.0	------
Montour	54.5	------	------	------	------	0.0	64.1	0.0	0.0	------	------	------	------	0.0	92.7	0.0	0.0
Northampton	50.0	57.1	75.5	0.0	------	25.6	80.8	0.0	------	------	------	------	------	28.5	55.1	0.0	------
Northumberland	62.9	100.	55.8	0.0	49.9	47.8	84.6	0.0	60.1	100.	100.	0.0	90.1	37.5	33.7	0.0	34.3
Perry	56.0	------	------	------	------	27.0	54.7	86.3	------	------	------	------	------	17.3	68.2	77.4	------
Philadelphia	(3)	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
Pike	65.1	------	------	------	------	46.8	82.5	100.	56.3	------	------	------	------	46.6	67.8	92.1	33.2
Potter	33.7	------	------	------	------	0.0	79.3	2.9	6.8	------	------	------	------	32.0	61.3	4.6	6.0
Schuylkill	41.9	46.6	75.4	0.0	------	8.5	61.2	31.4	------	------	------	------	------	9.0	34.7	7.9	------
Snyder	58.6	------	------	------	------	45.6	68.9	58.0	42.1	------	------	------	------	40.4	77.2	37.5	42.5
Somerset	71.0	------	------	------	------	51.2	63.7	100.	------	------	------	------	------	38.5	85.1	96.8	------
Sullivan	16.6	------	------	------	------	0.0	0.0	0.0	0.0	------	------	------	------	27.0	26.3	0.0	0.0
Susquehanna	51.8	------	------	------	------	42.2	72.6	0.0	15.3	------	------	------	------	48.9	73.6	0.0	61.7
Tioga	27.5	------	------	------	------	23.1	37.4	0.0	0.0	------	------	------	------	18.5	60.3	0.0	0.0
Union	36.6	------	------	------	------	0.0	55.3	0.0	0.0	------	------	------	------	0.0	59.5	0.0	0.0
Venango	51.1	60.8	66.0	0.0	0.0	43.0	50.3	26.6	26.0	------	------	------	------	25.3	60.7	0.5	0.2
Warren	40.9	------	------	------	------	7.3	67.3	0.0	------	------	------	------	------	28.5	72.3	0.0	------
Washington	48.4	37.7	60.8	93.2	------	14.5	54.4	78.4	------	36.2	15.6	57.2	------	21.8	52.4	67.2	------
Wayne	31.7	------	------	------	------	10.4	40.4	0.0	0.0	------	------	------	------	57.6	35.7	0.0	0.0
Westmoreland	32.4	13.2	50.7	58.3	------	27.6	26.2	29.6	------	------	------	------	------	30.0	43.0	18.9	------
Wyoming	81.3	------	------	------	------	100.	82.8	91.3	94.8	------	------	------	------	69.0	81.5	92.9	93.3
York	71.2	59.1	76.0	100.	------	50.4	72.8	66.5	------	92.6	100.	96.1	------	51.0	78.7	72.7	------
						*	100.	0.0	------	------	------	------	------	59.6	87.5	0.0	0.0

*All taxes collected prior to the penalty period.
[1] Includes all taxes in the City of Pittsburgh.
[2] Includes all taxes in the City of Scranton.
[3] Taxes for the City of Philadelphia are not inluded in this table.

Of the 10 counties shown in Table 12 as having the highest percentage of their taxes unpaid at the beginning of the penalty period, McKean County made the best record for collections during the remainder of the year by collecting 60.4 per cent of its delinquent taxes.

While it is true that many of the counties having the highest percentage of delinquency made the poorest showing in collecting such taxes, it does not follow that the counties which had the highest percentage of delinquent collections had the lowest percentage of taxes subject to such collection. Of the 9 counties previously named, which collected over 70.0 per cent of their delinquent taxes, 5 of them had more than 21.2 per cent (the average for the State) of their total tax levied, become delinquent. All of which seems to show that delinquent taxes can be collected even in substantial amounts if the collectors and interested authorities properly perform their duties.

The extent to which delinquent taxes were collected in the year for which levied, in cities of the third class, is difficult to point out in a few words. In all but a few such cities there are two or more individual collectors and the results obtained vary considerably between the different taxes levied. In only the cities of Meadville, Titusville, and New Castle was there a fairly high percentage of all delinquent taxes collected before the end of the year.[8]

In 25 out of 41 third class cities there was not any part of the delinquent county tax collected before the end of the year. In a few cases the amount of county taxes subject to collection with a penalty attached was small and, therefore, the collector made no serious attempt to force payment. On the other hand, in several cities the amount of unpaid county taxes constituted a very substantial part of the tax levied and yet no strong attempt was made to collect it during the year. In some of the cities the county tax did not become delinquent until near the end of the year, and in one or two cities, due to a late start in collection, the tax did not actually become delinquent until February of the following year. However, there were several cities where no delinquent county taxes were collected during the year, although they became delinquent in November or December.

Several cities made very fine records in collecting city and school taxes after they became delinquent. In the City of Butler, in Butler County, over $45,000 of the city tax became delinquent but 98.0 per cent of such amount was collected before the end of the year. An even better record was made in this City in regard to the school tax. In the City of New Castle, out of a delinquency of $146,000 in the city tax, $119,000, or 82.0 per cent was collected during the year. A splendid showing in this connection was also made in the City of

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[8] Meadville and Titusville are in Crawford County; New Castle in Lawrence County.

Harrisburg. With $215,000 of the city tax and $346,000 of the school tax delinquent, the collector succeeded in collecting 69.9 per cent of the former, and 88.1 per cent of the latter before the close of the tax year. As Table 14 shows, very successful work was done along the same line in the cities of Meadville and Titusville, in Crawford County; in the cities of Franklin and Oil City, in Venango County; and in the cities of Chester and Sunbury, in Delaware and Northumberland Counties respectively. Several additional cities succeeded in collecting from 50 to 60 per cent of the unpaid city and school taxes in time to put the money to the use for which it was intended.

On the other hand, in a few cities only a small part of the delinquent taxes was collected during the year. The cities in Lackawanna and Luzerne Counties made the poorest showing due mostly, no doubt, to the bad economic conditions in those counties during the year 1927. The cities of Coatesville and Lebanon did not do so well either, although the amount to be collected in the former city was small, due to the excellent record made in collecting the taxes before they became delinquent.[9]

Table 14 also indicates how efficient, or inefficient, the collectors in boroughs and townships were in collecting their taxes during the penalty period and before the end of the year. The percentage of delinquent taxes collected is shown for each kind of tax levied in the boroughs and townships in each county. The figures here presented show some interesting variations, not only between counties, but between boroughs and townships, and even between different kinds of taxes in boroughs or townships.

The most striking thing shown by this part of Table 14 is the fact that with the exception of a few counties there is a much higher percentage of delinquent school taxes collected before the end of the year than any other tax levied. This is true in both boroughs and townships. Not only are the school percentages high in comparison with those for other taxes—they are high in the sense that a very substantial part of the taxes listed as delinquent during the year are collected before the end of the year. For instance, in 46 of the 66 counties shown, 60 per cent or more of such delinquent school taxes was collected during the year, and in 33 of the 46 counties, over 70 per cent was so collected.

Since all taxes in boroughs and townships are, as a rule, collected by one collector, it is necessary to inquire as to the reason why the collector is able to collect so much more of one kind of tax than another. There are at least three factors which enter into this situation. First, the law enables the tax collector to take certain action against a delinquent taxpayer who fails to pay his school taxes, which he cannot take against the same taxpayer who fails to pay the levy made for borough, township, county, or poor purposes. The nature of these special remedies and the extent to which they are exercised will be discussed later. It is enough to point out here that such remedies do exist and are frequently called to the attention of the delinquent taxpayer. Second, the school authorities are more exacting in their demands on the collector that he compel payment. Numerous collectors from all parts of the State informed the writer that the school board was constantly after them for money, both before and after the penalty period. Then, too, in many places in the State, the school authorities take the delinquent tax lists from the regular collector and either collect the taxes directly or employ some one else to do so. Third, school taxes are delinquent for a longer period before the end of the year. With few exceptions, school taxes become delinquent on October 1, and since the fiscal school year is from July to July, such taxes may be collected until the last of June of the following calendar year and still be collected in the fiscal year for which they were levied. In other words, a school tax may be delinquent for nine months and still be collected within the fiscal year for which it was levied; whereas, a borough, township, county, or poor tax is usually not delinquent for more than three to six months before the end of the year for which it was levied.

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[9] Coatesville is in Chester County; Lebanon in Lebanon County.

It is in regard to the collection of taxes levied for borough purposes that the collectors have failed to collect anything like a reasonable amount of the delinquent taxes before the end of the year. Since borough taxes are usually payable early in the year there is a period of several months between the time they become delinquent and the end of the year during which the collectors may compel payment if they desire to do so. It is therefore surprising to find, as Table 14 shows, that only 10 counties collected as much as one-half of the amount listed as delinquent before the end of the year. In only the three counties of Crawford, Erie, and Wyoming, with percentages of 75.2, 79.8, and 100, respectively, could the work of the collectors be said to be satisfactory. While the table shows 16 counties in which less than 10 per cent of the delinquent tax was paid before the end of the year, these figures are accounted for by the fact that the borough tax in a majority of the boroughs concerned did not become delinquent until the end of the year.

Several of the counties collecting only a small part of their delinquent borough taxes during the year had had a considerable part of their borough taxes become delinquent, and some time, at least, in which to collect them. A partial list of such counties is shown in Table 15.

By way of explaining, in part at least, why these delinquent

TABLE 15

AMOUNT OF BOROUGH TAXES BECOMING DELINQUENT IN 1927, AND LEFT UNCOLLECTED AT THE END OF THE YEAR IN FOURTEEN COUNTIES.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

County	Amount of borough taxes becoming delinquent in 1927	Amount of 1927 delinquent borough taxes collected before the end of the year
Allegheny	$596,419	$86,104
Armstrong	30,863	1,250
Blair	45,664	9,201
Cambria	116,205	20,576
Clearfield	45,883	138
Columbia	34,584	6,366
Cumberland	43,207	1,957
Fayette	46,181	8,713
Lackawanna	207,379	26,378
Luzerne	531,973	22,844
Mercer	62,368	2,235
Northampton	77,244	19,808
Schuylkill	133,127	11,272
Westmoreland	135,478	37,387

collections are so ridiculously low, it can be said that in some of these counties the borough tax did not become delinquent in many of the boroughs until November, and, in a few cases, December 1. Apparently little or no attempt was made to compel payment during the last two months of the year. One borough collector wrote the author that he did not feel justified in forcing payment during the Christmas season and from the above figures it is quite likely that many collectors felt the same way about Thanksgiving season. It is doubtful whether a taxpayer is entitled to any such consideration in view of the fact that he has had six months in which to pay his taxes, and with a discount of 5 per cent if he paid within the first three months of the collection period.

In regard to townships, it is enough to point out that a much better record was made in collecting delinquent taxes. In 41 out of the 66 counties containing boroughs and townships, the township collectors succeeded in collecting a much larger share of their delinquent taxes than the borough collectors, but while delinquent township taxes were satisfactorily collected in 15 counties, the showing made for the State as a whole was very poor.

Two things should be pointed out in reference to the figures shown for county taxes in boroughs and townships. First, there are 26 counties where no collections are shown as made during the delinquency period. This is accounted for by the fact that county taxes in these counties were not levied until so late in the year that they did not become delinquent until the end of the year or thereafter. This is true in both boroughs and townships. There are several additional counties where only a very small amount was collected due to the same reason. Second, there are 9 counties where all, or nearly all, of the county tax listed as delinquent was collected before the end of the year. These counties with their respective percentages on county taxes in boroughs are: Bedford, 100; Bucks, 94.7; Crawford, 100; Erie, 99.1; McKean, 100; Perry, 86.3; Pike, 100; Somerset, 100; Wyoming, 91.3. It is possible that some of these reported "perfect collections" were due to the fact that the county authorities compelled the collectors to settle for their duplicates in full whether they had collected all the taxes or not. In any event the taxing districts received their money before the end of the tax year.

The facts presented in Tables 13 and 14 prove rather conclusively that the existing system of collecting delinquent taxes is anything but a success. In so far as the system is intended to collect the money promptly and in time for it to be used to meet current obligations, it is certainly a failure. It is encouraging to note, however, that the task to be accomplished is not impossible, as is evidenced by the several instances pointed out where single cities, and even entire counties, have been remarkably successful in collecting a very high percentage of all delinquent taxes within a few months and before the taxpayer has been notified that another year's tax is due. Later on, some facts will be presented to show why some municipalities succeed while others fail in the attempt to collect practically the entire duplicate in the space of twelve months.

CURRENT TAXES UNPAID AT THE END OF THE YEAR.

In Tables 10 and 12 figures were given to show what percentage of the total tax levied became delinquent, and in Tables 13 and 14 to show what percentage of the delinquent tax was collected before the end of the year. It now remains to be seen what part of the total tax levied was unpaid at the end of the year.

It is the taxes remaining unpaid at the end of the tax year that cause the most trouble to the tax levying authorities. Since obligations have been incurred on the assumption that the taxes levied will be collected within the year, a deficite results which must be met either by securing a temporary loan or using the taxes received for the new year to pay the debts of the past year. In some municipalities a loan is secured; in others current taxes are used, and neither method is satisfactory. If the loan method is adopted interest charges (usually at the rate of 6 per cent) are added which necessitates an increase in the current tax rate to meet past delinquencies. If the current revenue is used the solution of the problem is merely postponed, since current taxes, less the amount used for past debts, will not meet current appropriations. Eventually the tax rate is raised and the taxpayer who has promptly paid his taxes in the past must pay at a higher rate because some have not paid at all, or have paid only after their delinquency has put the taxing district to an expense which must be shared by all.

Taxes left uncollected at the end of the year not only place the local authorities in an embarrassing position, but they add to the problems of the tax collector. Collectors generally agree that it is much more difficult to collect taxes after they are a year old, and the difficulty increases with each year the tax remains unpaid. This is especially true in regard to taxes on personal property; the per capita school tax; and poll and occupational taxes. People die or move out of the community and the tax is never collected; or a young woman owing two or three years' occupational or per capita school tax, marries, changes her name, and lives in the same city unknown to the tax collector.

While delinquent taxes on real estate are not so easily evaded they are nevertheless difficult to collect, unless the collector resorts to drastic measures. Furthermore, the delinquent tax collector must compete with the regular collector who is collecting current taxes. If the taxpayer cannot pay the back tax, together with the current one, he pays the latter and permits the former to go delinquent for another year. The collector, under the law, is not permitted to apply any part of the money he receives in payment of one year's tax to a delinquency of a former year. The authorities in Philadelphia once attempted to do this with the hope that they could settle the old duplicates and decrease the total outstanding tax, but were advised by the City Solicitor's office that such a practice was not legal.

AMOUNT OF TAXES DELINQUENT AT THE END OF THE TAX YEAR FOR THE YEARS 1927 AND 1928.

The extent to which taxes remain unpaid at the end of the year is shown in Tables 16, 17, 18, and 19. Table 16 compares the per-

TABLE 16

TOTAL TAXES REMAINING UNPAID AT THE END OF THE YEAR FOR THE YEARS 1927 AND 1928[1]

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

Kind of tax	Year	Total taxes levied less exonerations and discounts	Current taxes unpaid Dec. 31	Per cent of current taxes unpaid December 31
City taxes in cities of the first class	1927	$58,019,217	$3,976,580	6.9
	1928	67,676,037	5,810,600	8.6
City taxes in cities of the second class	1927	20,021,554	1,428,196	7.1
	1928	22,964,029	1,827,169	8.0
City taxes in cities of the third class	1927	17,799,995	1,744,020	9.8
	1928	19,706,383	2,116,350	10.7
Total city taxes in all cities	1927	95,840,766	7,148,796	7.5
	1928	110,346,449	9,754,119	8.8
Borough taxes in boroughs	1927	20,961,796	2,757,386	13.2
	1928	22,337,773	3,148,015	14.1
Township taxes in townships of the first class	1927	4,788,455	419,791	8.8
	1928	5,319,212	691,915	13.0
Township taxes in townships of second class ..	1927	13,465,234	1,665,731	12.4
	1928	14,077,515	1,933,225	13.7
Total township taxes in all townships	1927	18,253,689	2,085,522	11.4
	1928	19,396,727	2,625,140	13.5
School taxes in all school districts, ...	1927	136,944,525	11,280,368	8.2
	1928	142,584,518	13,498,398	9.5
County taxes in all counties	1927	46,019,066	6,345,747	13.8
	1928	50,035,131	8,340,413	16.7

Poor taxes in all poor districts	1927	4,976,599	937,008	18.8
	1928	5,599,963	1,153,745	20.6
Grand total for state	1927	$322,996,441	$30,554,827	9.5
	1928	$350,300,561	$38,519,830	11.0

[1] Outside of Philadelphia and Pittsburgh the fiscal school year is from July to July.

centage of delinquencies for the years 1927 and 1928 for each kind of tax levied in the State.

It appears from Table 16 that in 1927, $30,554,827, or 9.5 per cent of the total local taxes levied in the State remained uncollected at the end of the year. In 1928 the amount delinquent increased to an even 11 per cent. Considering the State as a whole every kind of tax levied shows some increase in the amount delinquent for 1928 over 1927. The slightest increase is seen in township taxes collected in townships of the second class where delinquencies amounted to 12.4 per cent in 1927 as compared to 13.7 per cent in 1928. On the other hand, township taxes being delinquent in townships of the first class increased from 8.8 to 13.0 per cent during the same period. The amount of unpaid county taxes also increased from 13.8 per cent in 1927 to 16.7 per cent in 1928. The nearest approach to collecting the full amount of the duplicate was made in regard to taxes levied for city purposes. Here, only 7.5 per cent remained unpaid in 1927, and 8.8 per cent in 1928. The poor districts levying their own taxes for poor purposes, fell far short of making a successful job of collecting enough money to carry on their work. In 1927 they failed to collect 18.8 per cent of their levy before the end of the year, and in 1928 over 20.0 per cent of the duplicate was carried over to 1929.

The figures given in Table 16 are state wide in scope and fail to disclose the many glaring instances where a very substantial part of the expected revenue was not collected. It is therefore necessary to show the situation, not only as it existed in each county, but in each kind of political subdivision in each county.

Amount of Taxes Delinquent in the City of Philadelphia at the End of Each Year from 1919-1930.

When in the latter part of 1930 the Philadelphia City Controller publicly predicted that the end of the year would find Philadelphia with thirty million dollars in outstanding taxes, many people took a new interest in Philadelphia's tax collection problem. Some city of-

TABLE 17.

TAX DELINQUENCY IN THE CITY OF PHILADELPHIA FROM 1919 TO 1930.

Kind of tax	Amount of tax levied[1]	Amount delinquent at the end of the year	Per cent delinquent
1919			
City tax	$31,159,101	$ 1,313,950	4.2
School Tax	10,949,091	466,797	4.3
Personal property tax	2,813,541	31,960	1.1
Total taxes	$44,921,733	$ 1,812,707	4.0
1920			
City tax	$40,705,303	$ 1,871,282	4.6
School tax	13,577,865	635,262	4.7
Personal property tax	2,771,713	34,844	1.3
Total taxes	$57,054,881	$ 2,541,388	4.5
1921			
City tax	$45,377,640	$ 2,627,046	5.8
School tax	17,286,780	1,007,199	5.8
Personal property tax	2,848,737	48,733	1.7
Total taxes	$65,513,157	$ 3,682,978	5.6
1922			
City tax	$37,448,291	$ 1,768,226	4.7
School tax	20,826,239	992,251	4.8
Personal property tax	2,860,504	51,840	1.8
Total taxes	$61,135,034	$ 2,812,317	4.6
1923			
City tax	$39,630,991	$ 1,858,737	4.7
School tax	22,046,620	1,039,408	4.7
Personal property tax	2,910,169	105,440	3.6
Total taxes	$64,587,780	$ 3,003,585	4.7

1924[2]			
1925			
City tax	$47,417,785	$ 2,661,715	5.6
School tax	26,284,602	1,474,828	5.6
Personal property tax	3,441,988	119,108	3.5
Total taxes	$77,144,375	$ 4,255,651	5.5
1926			
City tax	$51,865,190	$ 3,272,082	6.3
School tax	28,775,996	1,840,998	6.4
Personal property tax	3,724,320	131,652	3.5
Total taxes	$84,365,506	$ 5,244,732	6.2
1927			
City tax	$54,149,690	$ 4,090,368	7.6
School tax	28,466,261	2,169,702	7.6
Personal property tax	4,101,214	125,228	3.1
Total taxes	$86,717,165	$ 6,375,298	7.4
1928			
City tax	$63,475,830	$ 6,013,507	9.5
School tax	29,900,882	2,830,388	9.5
Personal property tax	4,567,586	149,857	3.3
Total taxes	$97,944,298	$ 8,993,752	9.2
1929			
City tax	$64,898,158	$ 8,346,393	12.8
School tax	30,607,863	3,926,611	12.8
Personal property tax	5,097,474	188,042	3.7
Total taxes	$100,694,495	$12,461,046	12.4
1930[3]			
City tax	$60,850,956	$10,020,380	16.5
School tax	33,645,095	5,536,577	16.4
Total taxes	$94,496,051	$15,556,957	16.5

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[1] These are the revised figures after additions and allowances were made by the Board of Revision of Taxes. The data was obtained from the respective reports of the Mayor of the City of Philadelphia, with the exception of the year 1930—which was taken from the *Philadelphia Evening Bulletin* for January 5, 1931.

[2] The Mayor's Report for the year 1924 does not contain these figures, and they could not be obtained from the office of the Receiver of Taxes.

[3] Data not yet available concerning personal property taxes for year 1930.

ficials questioned the Controller's estimate and insisted that the prior and current delinquencies together would not amount to over twenty or twenty-two million dollars. In any event the controversy between the City's representatives as to the correct amount was given wide publicity and tended to stimulate payments during the last two months of the year with the result that January 1, 1931, found the City with only a little over twenty-six million dollars in uncollected city and school taxes. Over half of this imposing figure was for the year 1930.

Some of the local authorities and one or two of the newspapers explained the poor showing made in 1930 as due to the stock market crash, unemployment, and bad economic conditions generally. The truth of the matter is that the City has been so lenient in compelling tax delinquents to pay that the yearly percentage of delinquent taxes has increased from 4.0 per cent in 1919 to 16.6 per cent in 1930.

Table 17 shows for each kind of tax collected in the City: 1, the amount levied; 2, the amount delinquent; and 3, the percentage of delinquency for the years 1919-1930, with the exception of the year 1924.

This table does not need any explanation. The figures shown clearly prove that the City did not, in 1930, suddenly find itself faced with the problem of unpaid taxes. The problem has existed for several years and has been permitted to become more serious year by year. From 1919 to 1923 the percentage of unpaid taxes did not vary greatly, but from 1925 to 1930 it increased year by year at an ever increasing rate. In the four years from 1926 to 1929 this percentage has exactly doubled, increasing from 6.2 per cent in 1926 to 12.4 per cent in 1929. In the three years from 1928 to 1930 delinquencies have nearly doubled, increasing from 9.2 per cent in 1928 to 16.5 per cent in 1930. Undoubtedly something is seriously wrong with a tax collection system under which the percentage of uncollected taxes increases from 5.5 per cent in 1925 to 16.5 per cent in 1930.

Amount of Taxes Delinquent At the End of the Year in the Cities of Pittsburgh and Scranton for the Years 1927 and 1928.

Similar data for the cities of Pittsburgh and Scranton can be presented for the years 1927 and 1928 only. In Pittsburgh, out of a levy of nearly eighteen million dollars for city purposes in 1927 only 6.9 per cent remained delinquent at the end of the year. For 1928 this increased to 8.1 per cent. Out of a twelve million dollar duplicate for school purposes in 1927 the authorities collected all but 9.0 per cent during the year. Although the school levy for 1928 was over one-half million dollars more than in 1927 the percentage of delinquent taxes was reduced to 7.5 per cent. In 1927 the county levy for the City was nine million dollars, of which all but 7.4 per cent was received within the year. With only a slightly higher county duplicate in 1928 the percentage of delinquency jumped to 11.7 per cent. The county authorities interviewed in Pittsburgh could offer no explanation for this decided increase.

Figures on the same point for the City of Scranton are presented in Table 18.

TABLE 18.

TAX DELINQUENCY IN THE CITY OF SCRANTON FOR THE YEARS 1927 AND 1928.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg).

Kind of tax	Year	Total taxes levied less exonerations & discounts	Current taxes unpaid Dec. 31	Per cent of taxes unpaid December 31
City	1927	$2,194,670	$ 198,257	9.0
City	1928	2,182,145	148,928	6.8
School	1927	2,486,447	229,366	9.2
School	1928	2,502,141	1,346,424	53.8
County	1927	1,079,813	869,813	80.6
County	1928	975,586	887,711	91.0
Poor	1927	270,638	....	0.0
Poor	1928	415,558	253,332	61.0
Poor (22 Ward) ..	1927	12,186	1,085	8.9
Poor (22 Ward) ..	1928	9,970	....	0.0
Total taxes	1927	$6,043,754	$1,298,521	21.5
in City	1928	6,085,400	2,636,395	43.3

In considering these figures it should be remembered that for the years 1927 and 1928 each of the above named taxes was collected by a separate collector, since the consolidated office, which now exists, was not created by the Legislature until 1929. While 21.5 and 43.3 per cent of the total taxes levied in 1927 and 1928, respectively, remained unpaid at the end of the year, it does not follow that such a percentage of the tax levied was legally delinquent at the end of the year. The collection of county and poor taxes did not start until very late in the year, and in the case of county tax, at least, the year ended before the expiration of the 90 day discount period. In the case of school taxes,

TABLE 19.

PERCENTAGE OF CURRENT TAXES REMAINING UNPAID AT THE END OF 1927 IN THIRD CLASS CITIES, BOROUGHS, AND TOWNSHIPS IN THE STATE. PERCENTAGES BY COUNTIES SHOWN FOR BOTH 1927 AND 1928.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

Name of County	All Taxes in county	All Taxes in county	Cities of the Third Class				Boroughs				Townships of the First Class				Townships of the Second Class			
			City Tax	School Tax	County Tax	Poor Tax	Borough Tax	School Tax	County Tax	Poor Tax	Township Tax	School Tax	County Tax	Poor Tax	Township Tax	School Tax	County Tax	Poor Tax
	1928	1927																
Adams	14.0	12.2	------	------	------	------	4.9	12.2	7.4	------	------	------	------	------	20.9	9.0	17.6	------
Allegheny	9.8[1]	8.8[1]	7.0	6.3	8.4	8.4	11.6	8.1	11.1	11.6	14.0	13.6	15.7	16.2	13.2	10.6	14.5	15.5
Armstrong	13.6	12.0	------	------	------	------	10.5	4.0	18.1	15.6	------	------	------	------	13.4	9.4	25.4	25.5
Beaver	7.9	8.1	------	------	------	------	7.9	5.4	8.8	7.7	16.9	5.8	45.6	27.9	14.4	12.3	18.9	19.5
Bedford	7.6	5.5	------	------	------	------	9.4	2.5	0.0	------	------	------	------	------	10.0	7.7	0.0	------
Berks	9.1	8.3	6.2	3.4	30.9	------	7.8	3.1	3.4	------	------	------	------	------	16.3	6.6	12.9	------
Blair	25.8	13.7	10.6	6.1	32.9	------	19.4	7.7	17.7	------	------	------	------	------	23.0	11.2	27.4	------
Bradford	9.6	7.2	------	------	------	------	5.2	3.2	15.4	11.7	------	------	------	------	9.4	5.0	9.8	6.8
Bucks	6.3	5.7	------	------	------	------	5.9	6.1	0.8	------	------	------	------	------	6.2	8.4	2.7	------
Butler	10.7	9.3	0.3	0.1	16.6	------	9.4	8.6	14.7	------	9.9	6.9	20.3	------	14.1	6.3	26.0	------
Cambria	10.9	11.0	12.3	7.3	14.3	------	17.8	8.3	16.9	------	3.5	0.7	19.4	------	11.5	7.4	19.4	------
Cameron	11.9	14.4	------	------	------	------	13.8	21.4	13.6	18.0	------	------	------	------	7.6	14.0	9.1	3.5
Carbon	7.5	5.6	------	------	------	------	8.3	4.3	5.2	9.9	------	------	------	------	12.0	3.6	3.0	10.1
Centre	18.6	15.3	------	------	------	------	14.7	6.7	20.9	16.2	------	------	------	------	19.7	14.1	33.2	16.7
Chester	8.1	7.3	2.5	4.3	4.2	------	7.2	3.3	6.1	------	------	------	------	------	13.6	7.3	12.7	------
Clarion	14.9	9.7	------	------	------	------	8.4	1.4	13.7	16.1	------	------	------	------	8.7	7.0	19.4	23.6
Clearfield	28.8	26.1	35.9	7.8	20.4	20.6	31.0	18.6	28.8	30.9	------	------	------	------	35.8	26.9	35.5	37.8
Clinton	16.9	15.7	10.4	1.2	59.0	------	19.5	5.8	12.9	------	------	------	------	------	23.4	11.2	32.1	33.3
Columbia	10.1	18.4	------	------	------	------	16.4	10.4	19.8	12.4	------	------	------	------	11.0	21.8	38.9	42.0
Crawford	3.1	2.3	3.2	0.6	0.0	------	3.0	1.6	0.0	------	------	------	------	------	7.4	2.9	0.1	------
Cumberland	10.1	11.1	------	------	------	------	17.1	1.7	16.4	------	------	------	------	------	23.0	5.1	20.6	------
Dauphin	8.5	5.7	5.5	2.5	10.7	------	4.3	1.0	26.5	------	6.1	5.1	64.0	------	10.3	5.0	15.9	------
Delaware	11.0	11.5	11.3	9.6	38.3	47.9	16.7	7.5	11.8	16.7	12.4	8.4	11.5	15.4	20.3	8.1	13.2	18.4
Elk	7.8	6.8	------	------	------	------	10.9	3.1	14.3	11.0	------	------	------	------	7.3	5.2	9.0	7.8

Erie	7.2	7.4	13.9	5.4	0.3	-------	2.6	4.2	0.1	-------	1.6	1.5	1.0	-------	11.7	7.5	2.3	-------
Fayette	12.3	10.8	17.1	1.3	23.0	25.4	20.0	10.0	29.8	32.3	-------	-------	-------	-------	9.1	6.7	16.2	18.7
Forest	22.3	17.4	-------	-------	-------	-------	22.0	1.8	25.6	28.4	-------	-------	-------	-------	15.8	13.3	24.4	31.8
Franklin	14.6	13.4	-------	-------	-------	-------	12.3	12.4	9.5	-------	-------	-------	-------	-------	16.4	12.2	20.2	-------
Fulton	7.1	6.8	-------	-------	-------	-------	0.0	0.0	4.2	-------	-------	-------	-------	-------	9.9	4.9	9.4	13.5
Greene	4.9	6.0	-------	-------	-------	-------	11.0	11.1	3.8	-------	-------	-------	-------	-------	4.9	7.2	3.7	-------
Huntingdon	11.3	9.3	-------	-------	-------	-------	10.0	5.6	9.8	-------	-------	-------	-------	-------	12.4	7.7	17.6	-------
Indiana	12.4	10.1	-------	-------	-------	-------	10.8	5.5	7.6	-------	-------	-------	-------	-------	16.3	9.1	11.4	-------
Jefferson	15.4	14.9	-------	-------	-------	-------	10.9	8.1	17.0	19.0	-------	-------	-------	-------	26.0	14.1	24.9	26.9
Juniata	15.7	15.3	-------	-------	-------	-------	28.4	10.5	12.4	14.0	-------	-------	-------	-------	12.2	12.6	21.4	22.2
Lackawanna	35.0[2]	22.4[2]	24.7	27.0	88.6	68.4	21.0	16.9	35.6	21.7	61.8	24.0	60.6	63.4	29.5	12.5	38.0	17.5
Lancaster	6.4	4.1	4.2	2.6	1.5	-------	7.4	4.6	2.2	-------	-------	-------	-------	-------	6.2	4.6	2.0	-------
Lawrence	7.5	5.3	4.6	3.0	7.4	6.0	10.6	3.1	22.0	23.4	-------	-------	-------	-------	7.3	2.2	15.6	15.8
Lebanon	8.5	11.1	11.9	20.8	7.5	9.3	6.9	1.4	6.1	7.4	8.0	3.1	16.2	19.5	14.2	6.6	20.7	24.7
Lehigh	2.4	3.9	7.2	0.1	0.1	-------	8.1	11.8	1.7	-------	5.4	4.0	2.2	-------	10.9	2.6	2.6	-------
Luzerne	21.1	21.1	16.9	19.6	10.4	27.4	33.6	21.7	13.9	19.9	5.5	25.5	25.1	34.9	13.1	31.0	10.9	25.3
Lycoming	6.0	7.6	9.5	3.9	0.0	10.7	8.4	6.7	9.9	6.3	-------	-------	-------	-------	12.3	16.2	19.7	12.3
McKean	17.0	10.4	18.6	15.8	0.0	10.6	14.5	7.1	0.0	8.4	-------	-------	-------	-------	14.3	4.0	0.9	8.9
Mercer	13.0	14.0	11.7	12.2	29.3	-------	14.7	6.9	13.8	-------	-------	-------	-------	-------	20.9	10.3	25.6	-------
Mifflin	14.7	13.8	-------	-------	-------	-------	17.8	2.3	16.2	-------	-------	-------	-------	-------	24.2	14.4	27.4	-------
Monroe	8.8	7.7	-------	-------	-------	-------	10.2	0.9	8.3	31.8	-------	-------	-------	-------	10.3	4.4	8.0	10.3
Montgomery	6.9	6.7	-------	-------	-------	-------	8.2	4.6	13.7	-------	5.0	8.3	15.5	-------	5.4	3.4	19.0	-------
Montour	11.6	8.2	-------	-------	-------	-------	9.6	10.1	8.2	9.4	-------	-------	-------	-------	10.4	1.7	7.8	13.0
Northampton	11.2	10.0	7.4	4.1	28.4	-------	15.5	5.0	15.8	-------	-------	-------	-------	-------	17.4	11.7	16.7	-------
Northumberland	17.9	9.2	0.0	6.5	13.4	22.9	6.9	4.7	24.3	9.3	0.0	0.0	34.9	1.1	12.9	12.5	37.2	15.1
Perry	9.2	10.9	-------	-------	-------	-------	11.8	12.3	1.6	-------	-------	-------	-------	-------	19.4	10.1	5.6	-------
Philadelphia	8.9[3]	7.0[3]	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------
Pike	7.8	3.1	-------	-------	-------	-------	2.0	1.6	0.0	1.2	-------	-------	-------	-------	5.9	4.6	0.3	8.0
Potter	22.5	21.2	-------	-------	-------	-------	16.8	4.5	41.6	22.4	-------	-------	-------	-------	26.3	13.8	43.5	36.6
Schuylkill	12.3	10.6	8.2	9.8	5.1	-------	14.8	9.5	11.4	-------	-------	-------	-------	-------	9.8	7.8	17.0	-------
Snyder	14.3	8.1	-------	-------	-------	-------	8.4	4.4	5.7	11.6	-------	-------	-------	-------	12.4	5.9	10.1	9.5
Somerset	8.0	7.5	-------	-------	-------	-------	10.5	9.8	0.0	-------	-------	-------	-------	-------	15.2	4.4	0.8	-------
Sullivan	19.4	22.3	-------	-------	-------	-------	45.4	3.1	14.0	14.5	-------	-------	-------	-------	15.1	27.6	20.1	16.6
Susquehanna	7.0	10.8	-------	-------	-------	-------	10.0	6.2	14.2	14.7	-------	-------	-------	-------	11.3	8.7	18.9	7.5
Tioga	15.6	19.1	-------	-------	-------	-------	14.4	14.4	16.9	10.6	-------	-------	-------	-------	22.4	13.1	30.4	27.1
Union	11.9	13.4	-------	-------	-------	-------	12.7	10.1	11.4	12.8	-------	-------	-------	-------	14.8	13.3	15.7	21.9
Venango	8.8	8.1	6.6	5.8	5.4	6.7	7.4	8.4	3.6	8.1	-------	-------	-------	-------	15.1	11.4	11.8	13.0
Warren	7.4	7.4	-------	-------	-------	-------	8.1	1.4	8.4	-------	-------	-------	-------	-------	15.6	6.8	15.5	-------
Washington	6.2	5.3	5.1	6.1	0.6	-------	8.0	5.1	1.8	-------	15.5	21.2	5.9	-------	7.6	4.6	2.9	-------
Wayne	10.4	13.0	-------	-------	-------	-------	8.7	7.5	10.4	8.1	-------	-------	-------	-------	10.3	17.4	17.6	18.6
Westmoreland	8.1	7.7	8.1	8.6	2.7	-------	9.7	5.4	10.2	-------	-------	-------	-------	-------	9.4	4.8	15.0	-------
Wyoming	1.3	4.0	-------	-------	-------	-------	0.0	2.2	0.6	0.6	-------	-------	-------	-------	7.6	5.6	1.7	1.8
York	6.3	4.8	6.2	4.9	0.0	-------	5.1	4.9	3.2	-------	1.9	0.0	0.4	-------	8.5	5.7	5.1	-------

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[1] Includes all taxes in the City of Pittsburgh.
[2] Includes all taxes in the City of Scranton.
[3] Includes all taxes in the City of Philadelphia.

however, where the amount unpaid increased from 9.2 per cent in 1927 to 53.8 per cent in 1928, the penalty period started before the end of the year and these taxes were legally delinquent. The same is true in regard to the city tax and it should be particularly noted that the City Treasurer, as City Tax Collector, was able to *reduce* his delinquencies from 9.0 per cent in 1927 to 6.8 per cent in 1928. This was a splendid piece of work in view of the poor economic conditions existing in the City in 1928.

Considering all the taxes levied in the City together, the collection work was so unsatisfactory that there is little wonder that the Legislature was prevailed upon, in 1929, to establish a single office at which all taxes could be paid under the supervision of one responsible collector.

PERCENTAGE OF TAXES REMAINING UNPAID DECEMBER 31, 1927, IN THIRD CLASS CITIES, BOROUGHS, AND TOWNSHIPS.

Table 19 gives in detailed percentages the amount of 1927 taxes delinquent at the end of the year in the cities of the third class, boroughs, and townships. The first column shows the average percentage of delinquencies on all taxes levied in each county.

Table 19 shows several interesting things. Considering each county as a unit it is surprising to find that unpaid taxes range all the way from 2.3 per cent in Crawford County to 26.1 per cent in Clearfield County. For the year 1927, to which the above percentages refer, the total amount of taxes levied was the same in both counties. The collectors in Crawford County were remarkably successful in their work, while those in Clearfield County were anything but successful.

That practically all taxes can be collected during the year for which they are levied, is shown by the results obtained in the following additional 10 counties. These counties, with their respective delinquent percentages are: Bedford, 5.5 per cent; Bucks, 5.7 per cent; Carbon, 5.6 per cent; Dauphin, 5.7 per cent; Lancaster, 4.1 per cent; Lawrence, 5.3 per cent; Lehigh, 3.9 per cent; Pike, 3.1 per cent; Washington, 5.3 per cent; and York, 4.8 per cent. On the other hand Clearfield was not the only county in which an unreasonable amount of the 1927 taxes remained uncollected at the end of the year; rather poor records were made in the following 10 counties: Centre, 15.3 per cent; Clinton, 15.7 per cent; Columbia, 18.4 per cent; Forest, 17.4 per cent; Juniata, 15.3 per cent; Lackawanna, 22.4 per cent; Luzerne, 21.1 per cent; Potter, 21.2 per cent; Sullivan, 22.3 per cent; and Tioga, 19.1 per cent.

Many tax collectors contend that it is impossible to collect all, or nearly all, of the taxes levied within the year and it is unreasonable to expect such perfection on the part of a public official. Neverthe-

TABLE 20.

CITIES IN WHICH ALMOST PERFECT TAX COLLECTIONS WERE MADE IN 1927-1928.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

City	Kind of tax	Total taxes levied	Amount of taxes exonerated at the end of year	Amount of taxes unpaid at the end of year
		1927		
Allentown	County	$417,728	$ 7,864	$.........
Butler	School	320,950	3,586	411
Butler	City	322,765	463	921
Bradford	County	60,891	1,778	....
Corry	County	30,923	457	76
Erie	County	586,642	8,977	1,465
Franklin	City	93,718	....	1,450
Meadville	County	108,524	2,268	....
Meadville	School	241,005	12,451	403
Monessen	County	112,579	2,730	....
Monongahela	City	90,624	901	....
Sunbury	City	83,182	584	....
Titusville	County	74,715	1,374	....
Washington	County	138,285	4,686	97
Williamsport	County	257,489	3,977	....
York	County	329,318	3,725	....
		1928		
Butler	School	298,388	1,489	221
Corry	County	30,305	998	....
Erie	County	605,754	13,873	....
Franklin	School	172,998	4,429	....
Meadville	County	130,025	2,510	....
Monessen	County	148,596	320	612
Titusville	County	84,529	1,416	....
Uniontown	School	419,859	16,553	738
Williamsport	Poor	36,532	258	....
Williamsport	County	274,142	4,566	1,004
Williamsport	School	669,474	8,453	....

less, the statistics show many instances where such a performance has been possible even in some of the large cities of the State. Table 20 shows where perfect, or nearly perfect records were made in connection with one or more of the different kinds of taxes collected in several cities in 1927 and 1928. Three things are shown: 1, the total amount of taxes levied; 2, the amount exonerated by the proper authorities; and 3, the amount uncollected at the end of the year.

While the exonerations allowed were very high in a few cases, the work on the whole was very commendable and indicates what can be done in the direction of efficient tax collecting.

In addition to the splendid records set out above several third class cities were able to collect around 95.0 per cent of their city and school duplicates during the year. In the City of Reading, in Berks County, all but 6.2 per cent of the city tax, and 3.4 per cent of the school tax were collected within a twelve month period. During the same time the county authorities in the City failed to collect 30.9 per cent of the county duplicate.

In the City of Harrisburg, all but 5.5 per cent of the city tax; 2.5 per cent of the school tax; and 10.7 per cent of the county tax were collected during the year 1927. For the same year the City of Lancaster carried over only 4.2 per cent of the city tax; 2.6 per cent of the school tax; and 1.5 per cent of the county tax.

Other cities in which the collectors were very successful in this respect are: Coatesville, in Chester County; New Castle, in Lawrence County; Sunbury, in Northumberland County; and Meadville and Titusville, in Crawford County. With the exception of Sunbury, the above cities collected a high percentage of the county tax as well as city and school.

Many cities, as the figures in Table 19 will show, did not do so well. Carbondale, the only third class city in Lackawanna County, is an example. Here 24.7 per cent of the city tax, and 27.0 per cent of the school tax remained outstanding at the close of the year. Scarcely any of the county and poor taxes were collected until the following year. The extraordinarily high figures of 88.6 and 68.4 per cent for the county and poor taxes, respectively, are due in part to the fact that the authorities did not start collecting taxes until late in the year. However, this fact does not explain the poor showing made in regard to the city and school taxes. In McKean County the City of Bradford failed to collect 18.6 per cent of the city tax and 15.8 per cent of the school tax during the year. The 4 third class cities in Luzerne County taken together show the following percentages of unpaid taxes at the end of the year: city taxes, 16.9; school taxes, 19.6; county taxes, 10.4; poor taxes, 27.4. Other cities in which a large amount of the 1927 taxes remained unpaid at the end of the year are: Du Bois, in Clearfield County; Chester, in Delaware County; Lebanon, in Lebanon County; Sharon, in Mercer County; and Connellsville and Uniontown, in Fayette County.

Table 19 shows in detail the percentage of each kind of tax remaining delinquent at the end of 1927 in the boroughs and townships of each county. A reference to this table discloses some wide variations between boroughs and townships, and also between different kinds of taxes within the same group of boroughs and townships. It should be remembered that the percentages given for boroughs and townships were obtained by treating all boroughs and all townships in each county together. Space does not permit a consideration of particular boroughs or townships, but the information secured by the Department of Internal Affairs shows many cases where 50 per cent or more of the 1927 taxes remained uncollected at the end of the year. On the other hand, many boroughs and townships were able to collect their entire duplicates during the year. In 1927 there were 932 boroughs in the State collecting borough, school and county taxes. In 163 of these boroughs all borough taxes were collected within the year; in 208, all school taxes were collected; and in 130, all county taxes were collected. At the same time there were 1,513 second class townships, each levying a township, school, and county tax. Of this number 198 townships collected all township taxes within the year; 318 collected all school taxes; and 169 collected all county taxes. A majority of these perfect records were made in the following 10 counties: Bedford, Columbia, Crawford, Dauphin, Erie, Montgomery, Northumberland, Schuylkill, Somerset, and York. In contrast there were a few counties where not a single borough or township collected a hundred per cent of any one tax levied. These facts indicate rather strongly that in certain communities in the State the tax collectors have conducted the affairs of their office in an efficient and praiseworthy manner.

TAXES COLLECTED FOR PRIOR YEARS.

From the data presented in Tables 16 to 19 it is seen that a very substantial part of the taxes levied is not collected within the year for which the money is needed. In many communities from 25.0 to 50.0 per cent of the levy is carried over to another year. Dark as the picture is, it is not without a bright side. Eventually, most of this money will be collected. It is simply a matter of waiting maybe one or two years; maybe twenty or even forty years. Unlike modern business men, local officials are reluctant to wipe out bad debts. The writer has examined books in some parts of the State which carry taxes as unpaid which were levied during the Civil War days. There are many cases where the books are kept open back to the late eighties or early nineties. However, there is an end to patience and hope with some local authorities and they scratch off the books accounts that are more than twenty years old. This is especially true in regard to personal taxes and sometimes to taxes on real estate where a lien has not been properly revived.

No description of a tax collecting system is complete without some attention being given to the collection of taxes of prior years. A collector in a given year may fail to collect 15 per cent of the current levy and during the same time collect enough taxes levied in prior years to equal the 15 per cent current delinquency. Where this is the case the taxing district is not getting further in the hole and the collector considers that he has had a very successful year. Where the *regular* collector is charged with the collection of delinquent taxes of prior years, it is necessary, when measuring the success of his work, to consider such collections as well as those on the current duplicate. While data do not exits to show the total amount of unpaid taxes for all prior years, it is possible to compare the amount of taxes collected for prior years in 1927 and 1928 with the amount of the current levy remaining delinquent at the end of each of those years. This information is presented in Appendix H on page 313 for each of the sixty-seven counties in the State.

An examination of the data contained in Appendix H shows that nearly every county in the State is getting further behind with its tax collections each year. Considering all taxing districts of the State together, there was, at the end of 1927, $30,554,827 in uncollected 1927 taxes. During the year the collectors succeeded in collecting $18,291,555 of delinquent taxes of prior years. This amounted to 59.9 per cent of the current delinquency. On December 31, 1928, $38,519,830 of the 1928 levy remained unpaid and during the year only $22,212,738 was collected on taxes due for prior years. This amounted to but 57.7 per cent of the 1928 taxes remaining delinquent at the end of the year. Thus it is seen that the amount collected in any one year for all prior years equalled only a little more than one-half of the *current* delinquency.

Not only did current delinquencies increase in 1928 over 1927 but the percentage of prior year collections made in 1928 failed to equal the percentage made in 1927. The figures presented in Appendix H show that in a majority of the counties the net difference between the amount of the current tax delinquent and the amount collected for prior years increased in 1928 over 1927. In fact this amount decreased in only 27 counties and in many of these the decrease was very slight, although the amount of current taxes remaining delinquent was less in 1928 that it was in 1927.

Conditions in some counties should be specifically pointed out. Taking Beaver County as an example; $386,736 in current taxes remained unpaid at the end of 1927, while $317,428 was collected during the year from prior delinquencies, leaving a net difference of $69,308. In 1928, $395,759 of the year's tax remained unpaid, while only $247,360 was collected for prior years, leaving a difference of

$148,399 as compared with the $69,308 at the end of 1927. The amount by which the current delinquency exceeds the collections for prior years is called for convenience, *the net uncollected tax.* In Blair County this net uncollected tax amounted to $112,497 in 1927 and increased to $568,076 in 1928. In Butler County it increased from $20,839 in 1927 to $57,418 in 1928. In Carbon County the increase was from $3,644 in 1927 to $66,382 in 1928. During the same time the net uncollected tax increased in Clearfield County from $71,554 to $198,899. In Lackawanna County the increase amounted to over $900,000. Montgomery County showed an increase from $250,169 in 1927 to $400,107 in 1928. In Northumberland County the net uncollected tax was only $98,692 in 1927 but jumped to $432,952 in 1928.

On the other hand, several counties were able to cut down the net uncollected tax in 1928 by considerable amounts. Cambria County, for instance, had a net uncollected tax of $330,369 in 1927 and reduced it to $193,700 in 1928. Centre County, in face of a substantial increase in tax delinquency in 1928, reduced the net uncollected tax from $101,187 in 1927 to $47,994 in 1928. Both Erie and Fayette Counties made substantial reductions, although both Counties had a higher percentage of delinquency in 1928 than in 1927. In Lehigh County the net uncollected tax was $104,690 in 1927 but was reduced to $13,756 in 1928. In Westmoreland County the reduction was from $310,498 in 1927 to $201,066 in 1928.

Lycoming County deserves special attention. In 1927, $169,786 of current taxes remained unpaid at the end of the year, but during the year the collectors were able to clean up their back duplicates to the extent of *$375,694.* In 1928 the amount of current taxes carried to the end of the year was reduced to $140,694 and during the year *$176,508* was collected for past years. For two consecutive years tax collectors in Lycoming County succeeded in collecting prior taxes in excess of current delinquencies. In 1928 Somerset and Wyoming Counties did the same, although the percentage of delinquency increased for 1928 over 1927 in Somerset County.

Sufficient reference has been made to the data contained in Appendix H to show conclusively that in two-thirds of the counties of the State the collectors are getting further and further behind and that under present conditions the local authorities cannot expect collections for prior years to cover current delinquencies.

The figures presented in Appendix H also show that in many counties the collections made in 1928 for taxes due in prior years did not even approach the amount of delinquent 1927 taxes. In other words, assuming that the only taxes outstanding for prior years in 1928 were for the year 1927—what part of them was collected during 1928? Table 21 makes this comparison for 20 counties.

TABLE 21.

AMOUNT OF TAXES COLLECTED IN 1928 FROM PREVIOUS LEVIES COMPARED WITH THE AMOUNT OF 1927 TAXES DELINQUENT ON JANUARY 1, 1928.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

County	1927 taxes outstanding as delinquent on January 1, 1928	Taxes for prior years collected during 1928	Ratio of collections for prior years in 1928 to 1927 delinquent taxes
Beaver	$ 386,736	$ 247,360	64.0
Berks	583,931	258,358	44.2
Blair	436,015	285,559	65.5
Bradford	90,595	18,693	20.6
Bucks	124,732	60,955	48.9
Clearfield	430,148	278,145	64.7
Columbia	233,270	40,257	17.3
Fulton	7,444	3,568	47.9
Greene	107,020	51,496	48.1
Lawrence	159,403	94,510	59.3
Lebanon	168,379	102,342	60.8
Luzerne	3,581,379	1,100,626	30.7
Mercer	404,785	265,910	65.7
Monroe	70,159	20,957	29.9
Montgomery	593,640	289,314	48.7
Northumberland.	295,032	160,416	54.4
Schuylkill	676,908	326,195	48.2
Susquehanna ...	91,748	31,115	33.9
Tioga	152,109	84,415	55.5
Wyoming	12,593	5,756	45.7

The figures in Table 21 show that in 11 out of 20 counties the collectors in 1928 failed to collect in prior taxes an amount equal to one-half the delinquent taxes for the year 1927 alone. Five of these counties failed to collect as much as 40 per cent. If the total amount of back taxes for all prior years could be ascertained, these percentages of collections would be much lower.

It is rather significant that 16 out of the 20 counties listed above were among the counties shown in Table 14 on page 134 as having the poorest collection of delinquent taxes before the end of the year.

It thus appears that these 16 counties were not only unable to successfully collect their delinquent taxes during the year for which they were levied, but that they also failed to collect anything like a substantial part of them during the following year.

While the majority of the above counties failed to make even a fair showing in collection of taxes of prior years, some counties were quite successful in that respect. Possibly as many as 20 collected in prior taxes an amount equal to 75 per cent of their 1927 delinquency. Seven of the 20 collected sums in excess of their 1927 delinquency, but 4 increased their 1928 delinquency over the figure for the previous year and therefore did not reduce their net uncollected tax.

The figures given in Table 21, as well as those presented in Appendix H refer to the total taxes levied in the respective counties, without regard for political subdivisions or purpose for which the tax was levied. It is interesting to note that additional data on the same point in regard to cities shows that many succeeded in collecting enough taxes in 1928 from previous levies to equal their 1927 delinquency. The cities of Butler, Sunbury, Philadelphia, Pottsville, and York were able to collect an amount in excess of their 1927 delinquent taxes. In the City of Williamsport the various collectors received within a few dollars an amount equal to the unpaid taxes of the year before. Very good results in this respect were also obtained in the following cities: Franklin, Johnstown, Lock Haven, Meadville, Oil City, Scranton, and Titusville.

On the other hand, several cities did not do so well. In Reading, $374,173 of the 1927 levy remained unpaid on January 1, 1928, and during 1928 only $134,833, or 36.0 per cent was collected. Part of the sum so collected was undoubtedly for taxes delinquent prior to 1927. During the same period the City of DuBois collected a sum equal to only 35.0 per cent of its 1927 delinquency; New Castle, 42.7 per cent; Lebanon, 46.9 per cent; and Carbondale, 57.5 per cent.

SUMMARY

An analysis of the statistical data presented in this chapter shows five significant things in regard to the extent of tax delinquency in Pennsylvania.

First.—Over 20 per cent of all local taxes levied in the State in 1927 became delinquent and were subject to payment with a penalty and under legal pressure. By 1928, 25.5 per cent of all taxes were listed as delinquent. In a large number of taxing districts delinquencies ranged from 25 to 50 per cent of the face of the tax duplicate.

Second.—Only 43 per cent of the taxes listed as delinquent in 1927 were collected before the end of the year. In 1927 only 9 counties out of 67 collected as much as 70 per cent of their delinquent taxes during the year for which they were levied. In 6 counties less than 30 per cent was so collected. Considering all the taxing districts of the State together, a smaller percentage of delinquent taxes was collected in 1928 than in 1927.

Third.—Taxes remaining delinquent at the end of the year increased from 9.5 per cent in 1927 to 11.0 per cent in 1928. In several counties over 20 per cent of all taxes levied remained unpaid at the close of the tax year. In numerous boroughs and townships from 25 to 40 per cent of one kind of tax or another was not collected within the year levied.

Fourth.—While the total amount of unpaid taxes for all prior years is unknown, collections made in 1928, covering all previous levies, amounted to only 57 per cent of the 1928 delinquency. Such collections during 1927 amounted to 59.9 per cent of the current delinquency. In two-thirds of the counties, the amount of the net uncollected tax was larger in 1928 than in 1927.

Fifth.—In 15 or more counties the authorities in 1928 collected from all previous duplicates less than 60 per cent of their 1927 delinquency. In 4 counties such collections actually fell below 30 per cent.

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CHAPTER V

COLLECTION OF DELINQUENT TAXES

In Chapter IV a large amount of statistical data were presented to show the extent to which taxes are permitted to become delinquent and remain delinquent at the end of the year in the various municipalities of the State. The purpose of the present chapter is to show in detail what measures may be taken to collect delinquent taxes and to what extent the collectors make use of the remedies provided by law. Not all of the existing remedies are available to all collectors or may be used in the collection of every kind of tax levied. Furthermore, many collectors do not attempt to enforce the laws concerning the collection of unpaid taxes, and that phase of the subject will also be discussed. Since separate or special collectors are frequently employed to collect taxes after they become delinquent, the number and selection of such collectors will be considered first.

COLLECTORS OF DELINQUENT TAXES.

Special Delinquent Tax Collectors Provided by Law.

For many years it has been the policy of the Legislature not to create separate and independent offices for the collection of delinquent taxes. In the City of Philadelphia such taxes were once collected by an officer known as ''Delinquent Tax Collector'' but the office was abolished in 1883 and the work turned over to the Receiver of Taxes.[1]

An Act passed in 1901[2] to govern cities of the second class provides for an executive department to be known as the ''Department of Collector of Delinquent Taxes.'' The law designates the head of this department as ''Collector of Delinquent Taxes'' and sets forth his duties, bond requirement, etc. Pittsburgh is the only city now operating under this law in so far as the collection of taxes is concerned. The law gives City Council the authority to appoint the City Treasurer to the position of Collector of Delinquent Taxes, and for many years that has been the practice in Pittsburgh.

The various acts of assembly providing for the incorporation and government of third class cities have not authorized either the election or appointment of delinquent tax collectors as such. Neither have recent borough or township codes. However, all these laws either provide for the election of a tax collector or designate some official such as City Treasurer for the work and expressly authorize such collector to appoint deputies and assistants. Frequently, a deputy collector is put in charge of collecting back taxes and, consequently, comes to be known as delinquent tax collector.

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[1] Section 1, Act of April 19, 1883, P. L. 9.
[2] Act of March 7, 1901, P. L. 20.

DELINQUENT TAX COLLECTORS IN CERTAIN COUNTIES. In the small group of counties previously referred to where the county treasurer collects county taxes under local law, special provision is made for collecting such taxes after they become delinquent. Usually these laws provide that the county treasurer shall, after a certain date, turn the uncollected duplicate over to local constables or, in a few counties, to the justices of the peace. In other counties of this group private citizens are appointed collectors, the appointment in some cases being made by the county commissioners, in others by the county treasurer. In a few of the counties the regularly elected local tax collectors receive the appointment. It sometimes happens that the local constable, or justice of the peace, cannot furnish the bond required by the county officials and they appoint some one who can. In many cases local politics is the controlling factor in these appointments. Usually one man is made collector for each borough or township in the county, but sometimes two or more boroughs or townships, or any combination of the two, are given to one collector. In one or two of the third class cities located in the group of counties under consideration, the city treasurer is appointed collector of delinquent county taxes, but, as a rule, some one else receives the appointment; not infrequently one man is appointed for each ward in the city. One county not long ago had over 90 delinquent tax collectors at work in the county at one time.

In 1881 the Legislature made it the duty of the county treasurer, in all counties where such officer collects the county taxes in the first instance, to receive delinquent county taxes in any district where, on October 1 of any year, no appointment of a delinquent collector has been made. The duty thus imposed on the county treasurer lasts only until such appointment is made and the collector qualifies as such under the law. It is to be noted that the county treasurer is only obliged to *receive* such taxes—not collect them—and the law expressly denies him any right to additional compensation for his services.[3]

SPECIAL COLLECTORS OF DELINQUENT SCHOOL TAXES. Under certain circumstances the school board is made the proper authority to collect school taxes. Section 562[4] of the School Code provides as follows:

> "In all school districts of the second, third, and fourth class in this Commonwealth, all unpaid school taxes assessed and levied upon real property upon which there is no personal property out of which the same can be collected, shall be certified by the tax collector to the Secretary of the

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[3] Act of May 24, 1881, P. L. 31 (No. 35).

[4] Act of May 18, 1911, P. L. 309, with amendments.

> board of school directors, together with a proper description of the property upon which the same is levied, on or before the first day of June each year. All delinquent school taxes so certified to the board of school directors, in any school district of the second, third or fourth class, by any school tax collector, shall be collected by said board as provided by law.''

Frequently this law is entirely overlooked and sometimes deliberately ignored. Under the section just quoted the duty rests on the tax collector to furnish the school board with the list of properties in question, and since no commissions are allowed the collector on such taxes he is reluctant to lose a further opportunity to collect the money due. Furthermore, Section 2817 of the School Code provides that each certificate returned by any collector of school taxes:

> ''....shall be accompanied by the affidavit of the tax collector that, after the proper efforts, he could not find sufficient personal property out of which the said taxes, or any part thereof, could be made or collected as provided by law, which affidavit shall be conclusive as to that fact, in so far as it may affect the lien of said taxes or the title of a purchaser at a sheriff's sale thereunder: Provided, however, That in case any such collector shall make any wilfully false return, he shall be liable therefor to any person or persons injured thereby.''

This provision makes it necessary for the collector to visit personally the property in question and then make a decision under oath as to whether there is sufficient personal property to cover the taxes in question, which decision many collectors hesitate to make. In some cases school boards have not insisted on receiving a list of such properties until several years after the taxes were first due, but have permitted the collector to continue his efforts to collect rather than force the property sold at a tax sale.

BONDING COMPANY AS COLLECTOR OF DELINQUENT TAXES. In recent years many collectors authorized to collect delinquent taxes have been remiss in their duties and their bondsmen have been put to no end of trouble. In order to protect such sureties, and at the same time secure the payment of outstanding taxes, the Legislature in 1929 passed a law aimed at defaulting tax collectors. Section 1 of the Act provides:[5]

> ''That hereafter when any tax collector of any borough, city, township or school district in this Commonwealth shall default in the payment of the taxes charged on the duplicates, either by embezzlement, negligence, or failure to collect such taxes within the time prescribed by the laws of this Commonwealth for such collections, it shall be lawful for the surety or sureties on the bond or bonds of such tax collector to demand from the said collector the tax duplicates in which said sureties are interested, and the said tax collector shall turn over to his said sureties such duplicates of the various districts for which he is collector.''

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[5] Act of April 23, 1929, P. L. 634.

If a collector to whom this law applies refuses to turn over his duplicate as requested, the sureties are authorized to petition the Court of Common Pleas of the proper county and, after proof that such default has been made, the Court is to order the transfer of duplicates made. Section 3 of the Act provides in part as follows:

> "The holders (sureties) of such duplicates shall have the right to appoint a collector to collect the taxes remaining unpaid upon such duplicates; and which said collector, under the warrant issued to the original collector, shall have all the authority and power as now vested by the laws of this Commonwealth in any collector of taxes for the collection of such taxes . . ."

The law does not require that the surety in question appoint a collector and in the event that such surety is an individual he may personally proceed to collect the taxes listed on the duplicate in his possession. If the defaulting tax collector was bonded by a surety company such company may appoint any of its officers or employees as its agent for collection under authority of Section 3 of the Act.

This law has not been on the statute books long enough to determine to what extent it will be used, or how successful it will be in expediting the collection of taxes long overdue. The writer has found only one instance where it was used last year. This was in the City of Lebanon where agents of a bonding company sought to collect school taxes due since 1928 and 1929. The special collector and his assistants had a desk in the office of the City Treasurer but they also combed the City by automobile, serving notices, tacking up sale signs, etc.

While these men had only the usual authority of a tax collector, they were not hampered by local political considerations, not harassed by friends seeking special favors, and not fearful of offending the voting public. On the whole, much of their success was due to the publicity given to their threats to imprison delinquents and their all around, hard-boiled methods. The same publicity, and the same methods could have been used months earlier by the duly elected tax collector, and the City not humiliated by having private interests take over the work entrusted to city officials. Conditions which produce an episode like this argue strongly that the present enforcement of the tax collection laws is weak and ineffectual.

WHERE SEPARATE DELINQUENT TAX COLLECTORS ARE NOT PROVIDED BY LAW. So far, only delinquent tax collectors expressly authorized by the Legislature have been considered. It now remains to be seen who collects delinquent taxes in the vast majority of taxing districts in the State where no separate office has been established, or special official authorized to do the work.

With rare exceptions delinquent taxes of every kind are collected by the regular tax collector in boroughs and townships. In individual cases a deputy or assistant may be put to work cleaning up old duplicates but the legal responsibility rests entirely with the regular collector. Sometimes a constable or justice of the peace actually collects the money but he does so at the request of the collector and otherwise has no authority to act in such matters. It is quite a common practice for the tax collector to deliver delinquent notices by some such police officer with the hope that the dilatory taxpayer will be frightened into making an immediate settlement. In some cases the officer is paid for his services by the collector, in others, he is not. In some places in the State, and especially in certain third class cities where the practice is also quite common, the tax collector pays the officer fifty cents or one dollar for his services in delivering the notice and charges the taxpayer such sum as an extra cost of collection. While this is an illegal charge under the circumstances as set forth, many people do not know it and pay rather than take a chance of getting into trouble with the collector or officer concerned.

As was previously pointed out, delinquent taxes in the City of Philadelphia are collected through the office of the Receiver of Taxes. Since there are many millions of dollars in taxes outstanding all the time, it is found necessary to maintain a separate bureau with trained experts to handle the work at the present time. The bureau has a personnel of about seventy persons and is in the immediate charge of a chief delinquent tax collector. There is also a cashier, a supervising delinquent tax collector, and numerous junior and senior clerks. Attached to the bureau are forty-three delinquent collectors, each of whom is given a definite territory in the City to work. In addition to the Delinquent Tax Bureau the receiver is aided in such legal work as filing liens, making sales, etc., by assistants from the City Solicitor's office.

In all but about 10 of the third class cities in the State separate delinquent tax collectors are appointed by the respective local authorities. In the 10 cities referred to the regular collctors attend to delinquent taxpayers after the rush on their current duplicate is over. In some cities the delinquent list is turned over to the especially appointed collector as soon as the penalty period starts, while in other cities the regular collector continues to *receive* such taxes until the end of the year and then hands over his unpaid duplicate. In one city delinquent city and school taxes on real estate are turned over to the City Controller on January 1 and he collects them without any extra expense. There is really no uniformity in this matter, not even between the different collectors in the same city.

In many cities there is a separate collector in each ward for each kind of tax. For instance, in Allentown last year there were 20 delinquent city tax collectors; 14 school and 12 county, or a total of 46 collectors. In the City of Erie the school board employs 2 men to canvass the city for unpaid school taxes. The city tax is collected by the city's special collectors, usually local constables. In another city outstanding city and school taxes were collected for 4 years by the health officers but the work last year was performed by constables. In the City of Reading there are 8 county collectors, 12 city and 15 school. One of the school men handles all cases of delinquent real estate taxes while the remaining 14 devote their efforts to collecting the personal school tax. In Wilkes-Barre there are 10 men from the City Treasurer's office who serve warrants on the late taxpayers, but these men do not actually collect the taxes. The taxpayer appears personally at the tax office and pays his taxes and, in addition, is allowed to pay liberally for the notice served on him.

In several cities constables, aldermen, or justices of the peace do this work. There is no set standard of pay. Some work on a commission basis ranging from 5 to 20 per cent of the amount collected, others are paid a flat rate per notice served, the amount received depending, in some instances, upon whether the tax collected was levied on real estate or on the person.

METHODS EMPLOYED IN THE COLLECTION OF DELINQUENT TAXES.

In General.

Methods now employed in the collection of delinquent taxes may be conveniently divided into two groups: The first consisting of the various steps taken by the collector to secure the money in a peaceful manner; the second consisting of the numerous legal actions which the Legislature has placed at the disposal of the collector to be used when the taxpayer fails to pay on demand. As a rule, peaceful means are adopted first, and only after they have proven unsuccessful are more drastic measures undertaken.

As soon as a tax becomes legally delinquent, which is the time when a penalty for late payment is first chargeable,[6] the collector is privileged, after first making a demand for the money, to institute the appropriate legal action for its collection. In practically every case the collector postpones such a course until the last possible moment because he does not want to offend the taxpayer who, in all probability, is a voter in the community. Furthermore, he may be actuated in this matter by a desire to save the taxable the additional costs which are entailed when legal steps are taken to compel payment.

Methods of Collecting Delinquent Taxes Not Involving Legal Action.

Nearly all tax collectors in Pennsylvania today like to consider themselves receivers rather than collectors of taxes and, consequently, they seek to have the taxpayer voluntarily pay his taxes even after the tax has become delinquent. In a majority of cases the tax is allowed to remain delinquent for several weeks, or even months, before the collector does as much as call the taxpayer's attention to his delinquency. During this period many people, and especially those who had merely forgotten to pay, settle their account without any effort on the part of the collector whatsoever .

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[6] Except in the City of Philadelphia.

When the money is slow in coming in, or the particular municipality is in drastic need of funds, the collector may seek to stimulate payment by getting in touch with the tardy taxpayer. While there is little uniformity in the methods used to secure this contact, it is usually brought about by newspaper advertisement, correspondence, or personal interview.

Many collectors mail a second bill urging immediate payment. This practice is followed with considerable success in several of the third class cities and in some cases the collector is allowed postage for the second letter, although that is the exception rather than the rule. In five of the smaller cities where there is little delinquency, a second bill is not sent but the regular collector either calls the delinquent on the telephone and requests payment, or he goes to the delinquent's home and tries to secure the mony. With the exception of five additional cities, where the collector first sends a notice of unpaid taxes and then follows up with a personal visit, delinquent taxes are collected by special collectors, agents of the regular collector, who call on the taxpayers and demand the money, or leave a notice with instructions for the delinquent to appear at the tax office within a certain time and pay.

In the larger third class cities these special collectors usually do not attempt to collect the cash, although they sometimes accept checks and save the taxable a visit to the tax office. In some cases, however, where the amount due is small, or the taxable is permitted to pay on the installment plan, the collector accepts the money and gives a receipt. In a few of the cities where the delinquent tax collector is paid a certain percentage of what he collects, instead of a fixed charge for every notice delivered, he accepts the cash direct from the taxpayer and deducts his commission before turning the money over to the regular collector or authorities appointing him. Some of these collectors make several calls on the taxpayer before they are finally paid.

Usually, when the delinquent tax collector has been authorized to accept payment from the taxable, the regular collector closes his books and will not receive the money if offered at the tax office. Frequently a taxpayer who has been called upon two or three times by the special collector takes his money to the regular tax office and seeks to avoid paying the special collector for his services. In such cases, if the payment is accepted, the flat fee or commission allowed the delinquent collector is added to the tax bill and credited to the collector's account.

ADVERTISING NAMES OF DELINQUENT TAXPAYERS. In some cities newspaper announcement is made that taxes are delinquent and that it is to the advantage of the taxpayer to settle at once and avoid additional expense. Sometimes the name of the delinquent, together with the amount due, is published. This step is not usually taken except as a last resort to peacefully collect the money, but it is considered effective by the collectors who can afford the expense involved. Unless the law especially provides for the publication of delinquent lists, most authorities refuse to reimburse the collectors for the cost of such advertising.

By the provisions of a law enacted in 1915, pertaining to cities of the second class, the city treasurer is required to prepare a registry or list of all delinquent taxpayers and deliver the same to the delinquent tax collector not later than the thirtieth day of April of each year.[7] The law further provides that such list when published shall contain the name of the delinquent taxpayer, the street and ward in which the property against which the taxes are due is located, the amount of the taxes due, and the year for which they were assessed.

Pittsburgh and Scranton are the only cities to which this law applies at the present time. The Act, however, does not cover the collection of county taxes or any other tax not collected by the city treasurer. While all taxes now levied in the City of Scranton are collected by a consolidated tax office in charge of one collector, the above requirements concerning advertisement of delinquents still applies, at least in regard to taxes assessed for city purposes. Only this year the collector there was criticized by the local city authorities for not only advertising the current delinquency list in four newspapers instead of two as the law requires, but also for publishing the list in a newspaper printed and circulated in a nearby city.

Advertising the name, address, and amount of taxes due serves not only as a notice to the delinquent taxpayer, but in many cases acts as a stimulant, with the result that he pays at once. The average person does not desire such publicity and resolves not to be listed as a delinquent again.

It should not be the policy of either the Legislature or the local authorities to unduly embarrass a tardy taxpayer, but it is believed that the publication of the information required to be printed by the Act of 1915 is entirely justified and would prove a distinct aid in the collection of delinquent taxes in every taxing district in the State. If a taxpayer knows in advance that his delinquency will be broadcast if he does not pay his taxes when due, he has no just reason to complain. Under the Act of 1915 the taxes advertised are first due in January and the spotlight of publicity is not turned on the taxpayer until the last of February the year following, so that he has had over a year in which to pay voluntarily and without annoyance.

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[7] Section 6, Act of June 15, 1915, P. L. 976.

PEACEFUL METHODS USED TO COLLECT DELINQUENT TAXES IN THE CITY OF PHILADELPHIA. In the City of Philadelphia tax collection for the current year starts around the twenty-fifth of January and all taxes remaining unpaid on the first of January of the following year are legally delinquent. As soon as taxes become delinquent it is the duty of the Receiver of Taxes to prepare delinquent lists and these are usually ready by the fifteenth of January. The law requires that such lists be published in the local papers, and such publication follows closely on the completion of the list. It is customary to publish the name of each delinquent but not the location of the property or the amount of taxes due. A charge of fifteen cents is made against each delinquent to cover the costs involved in advertising the names.

A list containing the names of the delinquents, the location of the properties involved and the amount of taxes due is delivered to each of the 43 deputy delinquent tax collectors to be used by each in the territory assigned to him.

The lists turned over to the group of deputy collectors in January, 1931, contained the names of 36,684 persons who failed to pay in excess of $15,500,000 city and school taxes levied for and collectible in 1930. Considerably more than thirty-six thousand properties were involved, since many of the delinquents failed to pay on several pieces of property. The above figures fail to show fully the enormous task placed on the shoulders of the 43 collectors since an additional sum of nearly fifteen million dollars remained uncollected on January 1, 1931, on taxes delinquent prior to 1930, and a very large per cent of this sum remained in the hands of the deputy collectors when they started work on the 1930 delinquencies.

Upon receipt of his list it is the duty of each collector to get in touch with the owner of the property concerned. This he does by either mailing or delivering a notice that the taxes in question are delinquent. The general practice is to deliver the notice in person since the City does not provide funds for postage, although each collector is allowed $200.00 a year for expenses, such as office rent, gasoline, stamps, etc.

Collectors covering the central part of the City have their headquarters in the office of the Bureau of Delinquent Taxes located in City Hall Annex, while the remainder provide their own quarters, sometimes in their own homes. According to several of the present collectors, they deliver notices in the afternoon and remain at their offices to receive taxes during the morning hours. It is not the practice of the collectors to accept the money due at the time they deliver the notice. In fact they often do no more than drop the notice in the mail box or place it under the door.

The first notice delivered describes the property on which the taxes remain unpaid, shows the amount of taxes, interest, penalty, and lien costs due, and demands payment in the following language:

> ''Payment of said taxes, together with costs and charges, is hereby demanded within THIRTY DAYS from the date hereof, and if such payment be not made, *the same will be enforced by levy and sale of your goods, chattels and personal property,* wherever the same may be found.''

This notice, known as the Deputy's Notice, is served on the person in whose name the property is assessed. In normal times approximately 25 to 30 per cent of the delinquents make payment after the receipt of this notice, although not within the 30 days specified. As a matter of fact, this first notice is intended as a threat to scare the more timid taxables into making immediate payment. The threat in writing, to sell the personal property of the delinquent, serves to lay the proper legal basis for a more drastic action at a later time.

After the passage of a certain time, the length of which depends upon various circumstances, a second notice is delivered either to the owner of the property in question, or to the tenant, if there is one. This notice is known as the Special Notice and is sent out under the name of the Chief Deputy Delinquent Tax Collector and demands that payment be made to the Bureau of Delinquent Taxes. This notice does not show the amount of taxes and charges due but in part states:

> ''You are further notified to make payment at BUREAU OF DELINQUENT TAXES, DEPARTMENT OF RECEIVER OF TAXES, within TEN DAYS, or action will be taken by this Bureau to collect.''

As a result of this notice another 25 to 30 per cent of the delinquents appear at the tax office within the next few months and settle their accounts.

The notice says that the taxes must be paid within ten days or ''action'' will be taken, but it does not say how soon the ''action'' will be taken, or of what it will consist.

Even after the special notice has been delivered by the deputy collector he continues to receive taxes at his office and some of the collectors call again on the delinquents especially those who owe considerable sums on taxes outstanding more than one year.

It is the general rule that a taxpayer may, if he so desires, pay a part only of his delinquent taxes at one time but most collectors try to see that such partial payments are more than nominal sums. Many taxpayers take advantage not only of the general leniency shown by the authorities, but even their willingness to receive taxes in part payments. One collector told the writer of a delinquent he called upon who owned 14 properties on which no taxes had been paid for two years. The owner tried to put the collector off with an offer to pay ten dollars on each house, but with no promise as to future payments. The collector refused to receive the money on such a basis but offered to accept the full amount due on one property at a time. The collector in this case visited each property and found them all rented and upon inquiry discovered that with the exception of two, all had been rented continuously for the past eighteen months or longer.

This case is by no means either isolated or extreme. There are thousands of the same kind which go a long way toward explaining why on January 1 of this year over thirty million dollars in city and school taxes remained uncollected on taxes, some of which were levied before the beginning of the present century.

It is a fact not generally known that many large properties, such as factories, stores, hotels, and apartment houses are listed as delinquent and for amounts running into thousands of dollars. According to local authorities there has been a marked increase in the percentage of such delinquencies in the last few years. While official figures have never been made public as to the number of large properties listed as delinquent, it is interesting to read what the local Bureau of Municipal Research had to say on the subject on January 27, 1931.[8]

> "One is prompted to ask: Who are the delinquent taxpayers in Philadelphia? The receiver of taxes is required to publish their names. An examination of the list of delinquents shows that, while numerically the small home-owners are no doubt in the large majority, a great many owners of purely business properties are delinquent. In the 8th ward, which is bounded by 7th Street, Chestnut Street, Spruce Street, and the Schuylkill River, and is predominately a business section, about 600 taxpayers were listed as delinquent. On the other hand, the 42d ward, which is largely residential, with 21 times the area, 11 times the population, 16 times the number of taxable properties, but only 71 per cent of the assessed valuation of the 8th ward, has approximately 1,800 delinquents, or about three times the number in the smaller ward."

The foregoing paragraphs describe in a general way the steps taken by the Philadelphia authorities to peacefully collect delinquent taxes. With 43 separate collectors it is to be expected that some of the details involved vary as between the collectors, and from time to time. It is not a reflection on the deputy collectors to say that the present methods used are not successful in getting back taxes paid within a reasonable time. The failure is due to the methods employed and to the general attitude of the officials responsible for such methods. Too much cannot be expected from the deputies who are selected for political considerations, and who receive a fixed salary of ony $1,800 a year, and this regardless of how energetic they are in the performance of their duties.

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[8] *Citizens' Business,* No. 975, January 27, 1931, Philadelphia Bureau of Municipal Research.

At one time these collectors received a smaller salary and in addition a bonus on what they collected. This plan of payment was discarded some years ago because some collectors were able to earn rather large amounts. The writer understands that the old bonus was allowed on the total amount credited as collected by each deputy. It is possible that an arrangement might be made whereby a deputy collector would be paid a salary plus a bonus on all money collected over and above a fixed amount, such amount, as well as the bonus rate, to be adjusted from year to year as conditions in each collector's territory seemed to warrant. Under such a plan each collector would have an incentive to exert himself to the limit instead of performing his duties as some do now, as a mere matter of routine.

The fault at present lies, not so much with the collector, or the way he is appointed or compensated, as with the methods he is authorized to use. The procedure now followed depends almost entirely on the action of the taxpayer, and this in spite of the fact that he has had one whole year in which to pay his taxes without being bothered by any one. The present two-notice system in a great majority of cases results in giving the delinquents a second full year in which to willingly assume his tax obligations. The bluff contained in the first notice is promptly called by 75 per cent of the delinquents and a majority of these fail to take the second notice very seriously until months after the 10 days specified have passed. In other words, the authorities have been so lenient, if not absolutely lax, in their attempt to collect unpaid taxes that the people, generally, have become immune to the threats and scares contained in the two notices, which serve merely to remind them that they are behind in their payments and that the City would like to have the money.

The writer does not find fault with the generally accepted theory that it is the duty of a citizen to come forward voluntarily and pay his taxes, but if a considerable number of taxpayers fail to become "tax-conscious" and refuse to perform their duty in this respect, the City can ill afford to ignore such attitude.

The brazenness of some delinquent taxpayers is well illustrated in certain cases reported in local newspapers during the months of April and May of the present year. The City finds it necessary to rent quarters for certain of its employees and their equipment in various parts of the City. Rent for these properties is paid only after the City Controller approves the vouchers pertaining thereto. In the cases now referred to, the Controller refused to approve the vouchers because the owners had failed to pay delinquent taxes on the properties for which the City was asked to pay rent. One of these properties on which $11,800 in taxes remained unpaid was used as a storage place for bandit-chasing automobiles; another property, a large office building on which $183,000 was due contained offices occupied by county detectives attached to the office of the District Attorney. Among other properties listed were several used for magistrates' courts, but the case that caps the climax is the one concerning the property occupied by a *branch tax office conducted by the Department of Receiver of Taxes!*

PEACEFUL METHODS USED TO COLLECT DELINQUENT TAXES IN BOROUGHS AND TOWNSHIPS. In boroughs and townships it is, with rare exception, the regular tax collector who collects delinquent taxes. In many places in the State these collectors send out a second bill, or at least a notice which informs the taxpayer that his taxes remain unpaid. Some collectors who send the original bill in the form of a letter use a post card for the second notice. Usually the collector has to pay for the cost of the card and postage, and this is especially true where the municipality has borne the cost of the first notice. In a few places, however, it is the custom for the taxing district to pay the postage on the second notice where the collector was required to send the original bills at his own expense. Some collectors refuse to send out a second notice where the cost is thrown on them, but wait patiently for the delinquent to bring his taxes to the tax office. From the questionnaires returned to the writer it is apparent that many of the present collectors do not consider themselves as "bill collectors" in any sense of the word and refuse to "dun the people all the time." Where a second notice is sent, the majority of collectors wait until the taxes have been delinquent for about six months, and some wait longer.

On the other hand, many collectors, especially those in the smaller communities, do not mail a second notice, but call on the delinquent in the evening, at his home. Sometimes they accept the money during these calls and sometimes they merely remind the taxable that the tax is past due, and ask him to pay the bill at the tax office. In several of the farming centres of the State the collectors make special trips through their boroughs or townships after the farmer has sold his crops. The fact that these collectors so accommodate the farmers is one reason why the farming communities, as a whole, have fought for the retention of the present highly decentralized system of tax collections.

While many borough and township collectors are very prompt and efficient in collecting taxes peaceably and within a reasonable time after they become delinquent, it is safe to say that at least 50 per cent of the collectors in office today are not ‘‘go-getters,’’ in so far as actually *collecting* taxes is concerned. Whether this is because they are lazy, inexperienced, too busy with their own occupation or business, or afraid of offending the taxpayer, it is hard to say. As in the case of cities, too many collectors wait for the taxpayers to voluntarily pay their delinquent taxes. Although the collectors are paid from two to ten times as much for collecting taxes after they are once delinquent no new or different methods are employed and the taxpayer usually settles his account when he gets ready.

METHODS OF COLLECTING DELINQUENT TAXES WHICH INVOLVE THE USE OF LEGAL ACTION OF ONE KIND OR ANOTHER.

Thus far, only methods of collection which are peaceful in their nature have been considered. The taxpayer has been given a second notice and asked to voluntarily pay his taxes, or perhaps the collector has called in person for the money. When a tax once becomes delinquent it is not necessary for the collector to wait for the delinquent to settle his account; certain legal steps may be taken at once to collect the money due together with all accrued penalties and costs.

While the tax duplicate, plus the warrant delivered to the collector, authorizes him to collect the taxes covered by the duplicate, the specific actions which he is authorized to take in order to recover taxes due are not, as a rule, set out in either. He must look elsewhere to ascertain exactly what steps he is allowed by law to take. Since the money is due to the municipality, and not to the collector personally, he has no common law right to sue for its recovery, but must rely entirely on the remedies provided by the Legislature.

In fact, by a law passed in 1834, the tax collector is expressly denied the right ‘‘to institute suit for the recovery of any tax in any court of this State, or before any alderman or justice of the peace of this State, and no such court, alderman, or justice, shall issue process for such purpose.’’[9] This law was amended in 1848 so as to permit the collector, or his executors, administrators, etc., to bring suit after the expiration of his warrant to recover any tax held as a legal charge against him.[10] Until his warrant has expired the collector must confine himself to the use of such actions as are expressly provided for the collection of delinquent taxes.

The action which a collector is authorized to take may consist of collecting rent due from a tenant, or wages due from an employer, or it may consist of selling the personal property of the delinquent, or placing him or her in jail. Under certain circumstances the real estate of the delinquent may be sold. It is the writer's purpose to show here the various legal remedies at the disposal of the tax collector and the extent to which such remedies are used. Something will be shown also concerning the filing of tax liens on delinquent property.

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[9] Section 50, Act of April 15, 1834, P. L. 509.

[10] Section 3, Act of April 11, 1848, P. L. 517.

Some of the remedies referred to are applicable to all collectors in the collection of delinquent taxes of every description, while others apply to all taxes in a particular type of municipality, or to certain kinds of taxes in either certain municipalities or the State as a whole. Since the rights and powers of tax collectors have never been codified, it is necessary to examine several pieces of legislation in order to ascertain to what extent a collector can go in forcing the payment of a particular kind of tax.

POWER TO SELL PERSONAL PROPERTY OF DELINQUENT OR COLLECT RENT FROM TENANT IN THE CITY OF PHILADELPHIA. One of the most important laws under which city and school taxes are collectible in the City of Philadelphia is the Act approved April 19, 1883.[11] Section 3 of the Act provides in part as follows:

> "The receiver of taxes, of the said cities of the first class, is hereby authorized and empowered to destrain and levy upon, and sell any goods, chattels, or personal property found on any premises on which the taxes are delinquent, or upon the goods, chattels, or personal property of the owner of said premises, wherever the same may be found, whether in his own possession or in that of any trustee or other person for him, or in the possession of his executors, administrators, or legal representatives: Provided, That there shall have been served, on such owner or tenant or other person, in whose hands or possession such goods, chattels, or personal property may be, a printed or written notice, demanding payment of the taxes, costs and charges thereon, within thirty day from the date thereof, stating, that if said payment be not made within said time, the same would be enforced by levy and sale of such goods, chattels, and personal property. . ."

It would appear from the wording of the part of Section 3 quoted above that the Receiver of Taxes has, after giving proper notice, the authority not only to levy upon, but also to sell; first, the personal property of the delinquent taxpayer, whether found on the delinquent's property or elsewhere and second, the personal property of a tenant when found on the delinquent's property.

There is no doubt that the receiver is here given the authority to sell the personal property of the delinquent, but it is questionable whether the Legislature ever intended to authorize the sale of the personal property of a tenant. The procedure to be followed in case of a levy on the goods of a tenant is specifically set out in the same section of the Act in the following language:

> "And PROVIDED further, That when goods, chattels, or personal property of any tenant shall have been levied upon, by virtue of the provisions

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[11] Section 3, Act of April 19, 1883, P. L. 10.

> of this Act, the said receiver of taxes is hereby authorized, empowered and directed to proceed with due diligence, to collect from said tenants; and when the amount of taxes, costs and charges exceeds the amount of rent due, then only the amount of rent then due; but the lien of the levy shall remain upon said goods during the occupancy of said premises by said tenant, and all rents, after accruing, shall be applied to the extinguishment of said taxes, until the tax, charges and costs shall have been fully paid.''

The language used here would seem to indicate that the receiver is only authorized to collect rent. Not only is nothing said about the right to sell the property of a tenant, but the section under discussion further provides that the lien on the tenant's goods obtained through the distress and levy made is released by ''a change of residence of said tenant or a BONA FIDE removal of said goods, in the ordinary course of business.''

The law further provides that any sum so collected shall constitute a lawful deduction from the rent due and that the City Solicitor shall, at the expense of the City, defend any tenant in a suit brought by a landlord for the collection of rent which has been paid to the Receiver of Taxes.

While this law provides the Receiver of Taxes with a powerful weapon to be used in the collection of delinquent taxes, it is seldom used, except as a threat contained in the first notice delivered to the delinquent taxpayer. Rarely, if ever, in recent years has the personal property of the delinquent, whether on or off the delinquent property, been sold. Although thousands of cases have arisen every year in which the receiver could have levied on the property of a tenant and collected the rent as it became due, only occasionally has such action been taken.

With tax delinquencies reaching an unprecedented figure in 1930, the present receiver decided to invoke the law of 1883 on a large scale. In making a special drive to collect rent from tenants, the cooperation of some five hundred real estate agents was sought through a letter, part of which reads as follows.

> ''The Department of the Receiver of Taxes has put into operation plans by which a levy will be made upon and rentals collected from such properties whereon the taxes are delinquent prior to the current year of 1930, and such rentals will be applied to the liquidation of such delinquent taxes.
>
> ''This is called to your notice especially because, as a broker, you may have in your charge some such properties upon which taxes are delinquent, and it is the purpose and the desire of this department to carry out our plan in so far as it is possible with your help and cooperation.
>
> ''The delinquent tax collectors have been instructed, upon making a necessary levy, that they at once ascertain whether the rentals are being collected directly by the owner or are collected for such person by a broker. If the latter should be the case, the delinquent tax collector is to call upon the broker, informing him of the situation as to the particular property or

> properties, and arrange with him to collect the rents as formerly, but to turn them over to the delinquent tax collector, less the proper commission due the broker for the collection of the rent.
>
> "It is not necessary for our purposes, i. e., the satisfaction of delinquent taxes to thus operate through the broker, but we are proceeding in such a way so as not to interfere with the proper transaction of his business, and to enforce the law with as little inconvenience as possible to all concerned.'"[12]

A few days later a meeting was held between officials of the tax office and members of three real estate boards representing 1,800 real estate brokers, at which time the public officials were assured of the cooperation of the real estate boards represented. According to a report of the meeting appearing in the public press it was agreed that the tax office would furnish the real estate agents with a list of the names of the delinquent collectors and together they would make arrangements for the collection "of a percentage of rentals to take care of delinquent taxes.'"[13]

This is the first attempt to enforce the law of 1883 extensively and in a business like manner, and while it is not necessary for the Receiver of Taxes to act through real estate agents, or allow them to deduct their regular commissions, or to accept a percentage rather than the whole rent due, yet such concessions are probably wisely made considering the enormous amount of taxes outstanding and the unusual economic conditions under which the City is compelled to seek payment.

FILING OF LIENS ON DELINQUENT REAL ESTATE IN THE CITY OF PHILADELPHIA. Although city and school taxes imposed on real estate constitute a first lien against the property taxed, it is nevertheless necessary for the City to prepare, docket and file a lien in the Prothonotary's office on each piece of delinquent property. This lien must be filed within three years after the taxes become delinquent and be revived every five years to remain a legal charge against the property. In many cases a lien is revived several times before the taxes are finally paid. For instance, it was not until the end of 1925 that the City was able to collect all taxes on prior duplicates down to the year 1881.

Liens for city taxes are prepared and filed by the Tax Lien Bureau of the City's Department of Law, while liens for school taxes are prepared and filed by the school authorities. Frequently both the city and school authorities find it necessary to lien the same property and it is difficult to understand why liens for both city and school taxes are not prepared, docketed and filed by one group of men instead of two. Certain overhead costs would be eliminated by the consolidation of such work and, in addition, there would be less confusion on the part of the delinquent taxpayer and subsequent purchaser of the property in question.

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[12] As printed in the *Evening Public Ledger*, November 18, 1930.

[13] *Evening Public Ledger*, November 24, 1930.

In recent years it has been the policy of the City not to file a lien until about one and a half years after the tax became delinquent, thus allowing the taxpayer to make voluntary payment within that time without incurring lien costs. For instance, during 1929 the work of filing liens on 1927 taxes was completed and a good start made on 1928 taxes. The school board, however, usually does not file any liens until two full years after the taxes are first delinquent.

The total number of liens filed annually in the last few years has remained about the same until the sudden jump in 1929, but the amount of taxes covered by such liens has gradually increased, as is shown by the following figures covering the last five years for which information is available.[14]

Year	Number of liens filed	Amount of taxes covered by liens filed
1925	13,278	$ 794,763
1926	13,387	901,432
1927	12,942	955,008
1928	13,571	940,777
1929	20,119	1,135,914

In addition to the above liens, all of which were filed to cover city taxes, the school board filed liens to take care of delinquent school taxes, the number filed being 4,208; 3,183; and 8,774 for the years 1923, 1925, and 1929 respectively.[15]

COLLECTING TAXES THROUGH SHERIFF'S OFFICE ON MORTGAGE FORECLOSURES IN THE CITY OF PHILADELPHIA. When a piece of real estate is sold by the sheriff on a mortgage foreclosure, it is possible for the City to step in and claim from the proceeds of the sale enough to liquidate all prior tax claims. The sheriff is notified by some member of the Department of Law of all delinquent taxes due on real estate coming up for sale, and if there is a bid for the property high enough to pay the taxes the sheriff turns the money so collected over to the proper City authorities.

The amounts so collected during the last four years are as follows:[16]

1926	$102,881
1927	134,629
1928	143,881
1929	188,930

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[14] Figures obtained from the "Report of the Department of Law" contained in the *Annual Reports of the Mayor of the City of Philadelphia.* (1925-1929).

[15] Figures obtained from the office of the Philadelphia Board of Education.

[16] Figures obtained from the "Report of the Department of Law" contained in the *Annual Reports of the Mayor of the City of Philadelphia.* (1926-1929).

While the amount collected in this manner has increased year by year, it has only been a fraction of what might have been collected through such sales. During each of these years the total delinquent taxes outstanding amounted to many millions of dollars and the number of sheriff sales increased so rapidly that for the last two years (1929-1930) they averaged from twelve to thirteen hundred per month. Practically all of these properties sold by the sheriff have back taxes charged against them, and in many cases taxes for more than one year, but the money due the City has not been collected as a result of the sales for the reason that the City has not entered a bid to cover the taxes and the holder of the mortgage has secured the property for the nominal sum of $50.00.

In November, 1930, when it appeared that over twenty million dollars in 1930 taxes alone might become delinquent by the end of the year, and the City officials were considering the possibility of an increased tax rate, the City Solicitor publicly announced a new plan to be followed by the Law Department in regard to collecting taxes at sheriff sales. The plan as announced was that in the future the mortgage holder would be asked to make a bid sufficient to cover delinquent taxes and if his cooperation was not forthcoming then the City's representative would bid an amount equal to all outstanding taxes and charges. This is an unprecedented action in the City of Philadelphia.

The Assistant City Solicitor in charge of city tax liens in explaining the action to be taken said:[17]

> "There are now about 1300 sheriff's sales of Philadelphia properties every month and in some cases there is more than one property on a writ.
>
> "Eighty to 90 per cent of the foreclosed properties are taken in by the mortgage holders by a payment of $50.
>
> "The owners of the foreclosed properties have not only not paid their interest on the mortgages, but in most cases have not paid the taxes for from one to several years.
>
> "At present the mortgage holder in buying the property at $50 usually pays no attention whatever to the back taxes and the city has merely kept the liens alive, hoping to collect the taxes some time in the future. And that is a very indefinite collection date.
>
> "The plan now to be put into effect provides that the Law Department will ask the attorneys for the foreclosures on each property up for sheriff's sale to bid in not only the $50 required by law, but also an additional sum sufficient to care for the back taxes.
>
> "If the forecloser should refuse to do this, the city would bid for the property and force the wiping out of the mortgage.
>
> "The mortgage holder, of course, could not afford that. He could not permit the city to get a property for several hundred dollars, for instance, on which there has been a first mortgage of several thousands. He must agree to pay the taxes.
>
> "The Law Department will adopt this procedure only in the case of

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[17] Quoted from an article written by Carroll Shelton appearing in the *Public Ledger,* November 16, 1930.

> first mortgage foreclosures, because in many cases of second mortgage foreclosures there is too much uncertainty as to the equity in the property above the second mortgage.
>
> "It is our belief that this plan will net the city at least $1,000,000 additional in delinquent tax payments per year.
>
> "It will become effective at the next sheriff's sale of properties the first week in December and our legal staff is now taking the matter up with the attorneys representing each of the foreclosures."

The new plan proved its worth the first time it was put into operation. The attorneys representing the mortgage holders agreed with the City authorities to pay all delinquent taxes within 30 days after the sale. At the first sale, December 1, 1930, 1,250 properties were put up and it was estimated by the City Solicitor's office that the City received $140,000 in back taxes. Thus at one sale the City received almost as much as it formerly received at the twelve monthly sales. (See figures on page 178.)

SALE OF REAL ESTATE FOR DELINQUENT TAXES IN THE CITY OF PHILADELPHIA. Under certain circumstances the City has the right to force the sale of real estate by the sheriff to secure unpaid taxes. Sometimes these sales are at the request of intended purchasers. In many cases the advertised sale is stayed by the party in interest paying all taxes and claims prior to the actual sale. In a few cases the sheriff does not receive a bid high enough to pay the costs of the sale, and in such cases the costs are paid from a fund provided by City Council.

The following figures show the number of such forced sales during the last few years and the amount of taxes collected thereby.[18]

Year	Properties prepared for sale	Sales stayed by parties in interest	Properties actually sold by sheriff	Cases in which city paid costs (No sale)	Taxes and costs received from properties prepared for sale
1925	199	96	98	5	$84,703
1926	145	60	77	8	79,067
1927	119	71	42	6	54,029
1928	114	56	54	4	40,036
1929	75	41	24	10	30,691

Due to the fact that tax delinquency in Philadelphia has increased by leaps and bounds during the last few years, it is surprising to find, as this table shows, that the number of properties prepared for sale has decreased every year since 1925. The City has all but abandoned this very effective method of collecting taxes. If purchasers could not be found for the properties offered, such sales might well be discontinued, but the figures show that sufficient bids are received in all but a few cases and since 1926 the taxes have been paid by the parties in interest on over 50 per cent of the properties advertised without the necessity of an actual sale.

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[18] Figures obtained from the "Report of the Department of Law" contained in the *Annual Reports of the Mayor of the City of Philadelphia.* (1925-1929).

COLLECTION OF PERSONAL PROPERTY TAXES IN THE CITY OF PHILADELPHIA. Until 1923 the Receiver of Taxes for the City of Philadelphia was without an effective means of compelling the payment of delinquent taxes on personal property, money at interest, etc. On July 11, 1923, Governor Pinchot signed a bill authorizing collectors of taxes in cities of the first and second class to recover delinquent personal property taxes by action of assumpsit brought before any magistrate, justice of the peace, or court of record of competent jurisdiction.[19]

Under this law the City has been very successful in collecting back taxes on personal property. In this connection a statement from the Mayor's Report for the year 1927 is in point. It reads:

> "During this Administration the Act of Assembly of July 11, 1923, providing for the collection of delinquent personal property taxes through personal actions in assumpsit became operative. Prior to the passage of this Act there was a general belief that personal property taxes did not have to be paid; were not collectible, and that the City was powerless to compel collection. As evidence of this the City Controller's report of the collection of delinquent personal property taxes for the year 1923 shows that the amount collected was $7,332.09. The efficiency of said Act continues to be demonstrated by the fact that up to and including December 28, 1927, for the current year, the amount of delinquent personal property taxes collected by the City was $87,080.13."[20]

In 1926, over $60,000 was collected under this law and in 1928 and 1929 over $100,000 and $200,000 respectively.

FUTURE OUTLOOK IN CITY OF PHILADELPHIA. While Philadelphia has been for many years ridiculously lenient in the collection of unpaid taxes, it has taken several steps within the past year which, if courageously pursued, will reduce the present amount of outstanding taxes to a reasonable sum and prevent the accumulation of another thirty million dollar delinquency. The collections for the first six months of 1931 were several million dollars in excess of the amount collected during the same period last year in spite of unemployment, soup kitchens, and vacant houses. The Philadelphia Bureau of Municipal Research in commenting on the good showing made the first four months of 1931 said:[21]

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[19] Act of July 11, 1923, P. L. 1038.

[20] *Fourth Annual Message of W. Freeland Kendrick, Mayor of Philadelphia,* 1927, p. 318.

> "The larger collections of 1931 may be said to be due primarily to the fact that the city is much more "tax conscious" this year than in the past. It is pursuing a more aggressive policy toward its delinquent taxpayers, and has succeeded in forcing payment of large sums that would not have been paid had the city continued to follow its customary easy-going tax-collection policy. Normally, the city should have received, of course, larger amounts of taxes this year than last, for both the current levy and the amount of previous years' taxes due the city were larger than in 1930. However, the percentage increase in collections must be attributed primarily to the greater official efforts to make the taxpayers themselves more tax conscious, to make it easier for willing taxpayers to pay their taxes, and to force unwilling taxpayers to pay, especially the last. Threats of foreclosure, collection of rents from tenants of properties upon which taxes are delinquent, levies on personal property of delinquent taxpayers, and forcing bidders on properties sold at sheriff's sales to bid high enough to cover the delinquent taxes or else to agree in advance of the sale to pay such taxes to the city—these have been used effectively in collecting delinquent taxes."

POWER TO SELL PERSONAL PROPERTY, ARREST DELINQUENT, AND COLLECT RENT IN BOROUGHS AND TOWNSHIPS. For many years there has been considerable doubt as to exactly what powers and remedies a tax collector has in boroughs and townships. The present codes governing such municipalities do not specifically set forth what measures a tax collector may pursue in the collection of delinquent taxes. On this point Section 1080 of the Borough Code of 1927 provides as follows:

> "The tax collector shall be the collector of all State, county, borough, school, poor, and other taxes, levied within the borough by the authorities empowered to levy taxes. He shall, in addition to the powers, authority, duties, and responsibilities provided for by this Act, have all the powers, perform all the duties, and be subject to all the obligations and responsibilities for the collection of such taxes, *as are now vested in, conferred upon, or imposed upon tax collectors for county purposes.*"[22]

Since the Code referred to does not set forth what remedies a borough tax collector has against a delinquent taxpayer, it is necessary to ascertain what powers, remedies, and authority are imposed on the collectors of county taxes.

The most important remedy available against a delinquent taxpayer at the hands of a collector of county taxes is the one contained in Section 21 of the Act of 1834.[23] This Act applies only to the collection of taxes levied for county and township purposes. Section 21 provides:

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[21] *Citizens' Business,* No. 987, April 21, 1931, Philadelphia Bureau of Municipal Research.

[22] Act of May 4, 1927, P. L. 548. Italics supplied by writer. So far as the powers and duties of borough tax collectors are concerned, this Section re-enacts Section 5 of the Act of June 25, 1885, P. L. 187.

[23] Act of April 15, 1834, P. L. 509.

> "If any person shall neglect or refuse to make payment of the amount due by him for such tax within thirty days from the time of demand so made, it shall be the duty of the collector aforesaid to levy such amount by distress and sale of the goods and chattels of such delinquent, giving ten days public notice of such sale by written or printed advertisements and in case goods and chattels sufficient to satisfy the same with the costs cannot be found such collector shall be authorised to take the body of such delinquent and convey him to the jail of the proper county there to remain until the amount of such tax together with the costs shall be paid or secured to be paid, or until he shall be otherwise discharged by due course of law."

Section 45 of the same Act provides that "nothing herein contained shall authorize the arrest or imprisonment for non-payment of any tax of any female, or infant, or person found by inquisition to be of unsound mind."

It will be observed that a collector cannot proceed under this law until the lapse of 30 days after a demand is made for the tax and, as previously pointed out, a collector has no authority to demand the payment of any tax until it becomes delinquent. Furthermore, the collector is powerless to act unless he has given a ten-day public notice of the threatened sale of the personal property of the delinquent. In addition, any commitment to jail under this Act is held to be invalid unless it specifically sets out that the taxpayer is without goods and chattels to satisfy the taxes due.[24]

In 1923, Section 45 of this Act was amended so as to bring females within the operation of Section 21, and consequently subject to arrest and imprisonment for the non-payment of taxes.[25] This action was seriously objected to by many people but was thought necessary in order to collect local occupational and school per capita taxes which many women objected to and refused to pay.

While the amendatory Act referred to is free from any ambiguity, several female taxpayers have resisted its enforcement and the courts have been required to pass upon its application. The law has always been upheld by the courts but they have refused to sanction the commitment of a female to jail where there was the slightest irregularity in the proceedings instituted by the collector. In *Kolaski's Case*,[26] decided in 1925, the court, in upholding the law in a case of the commitment of a mother of small children said, by way of "friendly words of advice" that:

> "Collectors, as well as the municipal authorities back of them should be extremely cautious in committing, or in having committed to jail for paltry sums, the mothers of small children, or indeed, any females, using this measure only as a last resort in cases of exceptional aggravation."

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[24] See *In re Ludgate* 59 Pitts L. J. 394.

[25] Act of May 8, 1923, P. L. 169.

[26] 6 Pa. District and County Rep., p. 449, (1925)

There has never been any serious question as to the right of a borough tax collector to proceed under the authority contained in Section 21 of the Act of 1834 in the collection of every class of taxes levied within boroughs, but there has been much confusion and some litigation in respect to the right of a township collector to enforce such law in regard to the collection of delinquent *school* taxes.

The language used in the Township Code of 1917 is different from that used in the Borough Code of 1927. Section 365 of the Township Code, after providing that the tax collector shall collect all taxes of every description levied in the township continues:

> "He shall, in addition to the powers, duties, responsibilities, and compensations enumerated in chapter eight, article two, have all the powers, perform all the duties, be subject to all the obligations and responsibilities, and receive the same compensation for collecting such taxes other than township taxes, *as are now vested in, conferred upon, or imposed upon or received by, collectors of the several classes of taxes hereinbefore mentioned.*"[27]

This section applies to second class townships, but Section 274 of the same Act provides likewise for townships of the first class. Article two of chapter eight referred to in this section does not enumerate what remedies are available to such collector and, again, it is necessary to look elsewhere to find his authority.

Whereas the Borough Code of 1927 gives the borough collector whatever authority is possessed by the collector of county taxes, the Township Code gives the township collector whatever authority is possessed by the collector of the several classes of taxes referred to in the Act; that is, township, county, school, and poor. Since Section 5 of the Act of June 25, 1885,[28] gives the township tax collector the same authority in the collection of township taxes as the collector of county taxes, and the laws pertaining to the collection of poor taxes give the collector the same authority as possessed by county collectors, the only question remaining is, what authority or remedies has a township tax collector in the collection of school taxes?

Although the School Code gives the collector of school taxes certain special remedies to be employed in the collection of delinquent school taxes, it does not provide, by reference or otherwise, that such collector be empowered to use the remedies available to collectors of county taxes, to wit: Section 21 of the Act of 1834, which permits the sale of personal goods and the imprisonment of the delinquent.

Many township collectors have taken the position that since the School Code does not authorize the use of Section 21, referred to above, and since the Township Code of 1917 confers only the authority possessed by collectors of school taxes, it follows that they are not authorized to collect delinquent school taxes under Section 21 of the Act of 1834.

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[27] Act of July 14, 1917, P. L. 840. Italics supplied by writer.

[28] P. L. 187.

The question remained unanswered until the decision of *Huber v. Weakland*[29] handed down in 1926. In this case the question was squarely presented as to whether a tax collector in a second class township had the authority to sell the personal property of, or commit a delinquent taxpayer to jail for the failure to pay school taxes levied in the township. The court, in a lengthy decision, which reviewed much of the recent tax collection legislation, decided that the collector in question had ample authority to proceed under the law of 1834. The court pointed out that Sections 4 and 5 of the Act of June 25, 1885, referred to above, required the school directors to deliver their school tax duplicate to the regular township tax collector with a warrant authorizing him to collect the said taxes and that the same law conferred on the township collector all the authority possessed by the collectors of county taxes and, therefore, such township collector had the right to use the same remedies in the collection of delinquent school taxes as he had in the collection of township or county taxes, and this regardless of the language of the Township Code of 1917. This case was never carried to the Supreme Court. It has been questioned by taxpayers in several parts of the State and some local township authorities have been reluctant to rely upon it in the collection of school taxes.

In the last two years at least one county court has refused to uphold the imprisonment of a delinquent taxpayer by a township tax collector in the collection of delinquent school taxes, holding that the collector has no such authority. Other collectors, fearing a charge of false arrest, have made no attempt to collect school taxes under the law of 1834.

Any doubt on the point has now been removed in so far as first class townships are concerned, since the Legislature, in 1931, passed a new Code applicable to such townships and in providing for the collection of all and any taxes levied in the township expressly conferred on the tax collector all the powers and remedies now possessed by any collector authorized to collect county taxes.[30] If the Township Code of 1917, previously referred to, and which applied both to first and second class townships, had used the language adopted in the Code of 1931, the confusion and uncertainty concerning the authority of township tax collectors would have been avoided.

There does not seem to be any doubt that the Legislature has always intended that the tax collectors in both boroughs and townships should have the authority to proceed under section 21 of the Act of 1834 in the collection of any and all taxes levied. In fact, the Act of June 25, 1885,[31] which applied to the collecting of taxes in boroughs and townships, gave such collectors all the rights, powers, and authority possessed by colelctors of county taxes, but the draftsmen of the 1917 Township Code, for some reason, changed the phraseology used in the Act of 1885 and the point was at once open to question.

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[29] 7 Pa. District and County Rep., p. 496, (1926).

[30] Section 1716 of *House Bill* No. 680. Passed by the Legislature, May 20, 1931, and later approved by the Governor.

Except for the decision in *Huber v. Weakland,* the question is still an open one, so far as second class townships are concerned, unless an amendment to Section 21 of the Act of 1834, adopted at the last session of Legislature, could possibly effect a change. The section was enlarged by the addition of the following words. "This section shall extend to all collectors of delinquent taxes acting under general or local laws."[32] Under this amendment it is now clear that any collector of delinquent taxes, *whether acting under general or local laws,* may proceed under Section 21—but in regard to the collection of what class of taxes? County and township taxes, without doubt, since the law of 1834 applies to those taxes, but not as to delinquent school taxes, because such taxes were not covered by the Act of 1834 originally and would hardly be held to come within the Act by amendment, unless the intention of the Legislature was expressly stated.

The problem under discussion clearly illustrates the need for a codification of the laws pertaining to the rights, powers, and duties of tax collectors. The Legislature, so far, has been content to patch up the laws from time to time and to extend the old Act of 1834 to present legislation by mere reference with the inevitable result that both the taxpayer and the tax collector are uncertain as to their respective rights.

NUMBER OF SALES OF PERSONAL PROPERTY AND NUMBER OF ARRESTS MADE IN BOROUGHS AND TOWNSHIPS. The writer, by means of a questionnaire, sought to ascertain from borough and township collectors the extent to which the law of 1834 is used in the collection of delinquent taxes. The collectors were asked to give the approximate number of cases in which personal property of the delinquent was actually sold in any recent year, and the approximate number of arrests made in any recent year. Replies were received from 524 boroughs and townships scattered throughout all the counties of the State.

Assuming that the 524 districts heard from are at all representative of the State as a whole, it is clear that the tax collectors generally are not making use of the remedies provided for them in Section 21 of the Act of 1834. As the tabulation below shows, forced

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[31] P. L. 187.

[32] Section 1, Act of April 22, 1931. *House Bill* No. 931.

Boroughs				Townships			
Sale of personal property in one year.		Arrests made in one year.		Sale of personal property in one year.		Arrests made in one year.	
No. of boroughs	No. of sales	No. of boroughs	No. of arrests	No. of Townships	No. of sales	No. of boroughs	No. of arrests
3	2	5	1	3	2	6	1
4	3	8	2	6	3	6	2
3	4	5	3	5	5	3	3
2	6	6	4	3	6	2	5
1	8	3	5	2	15	2	10
3	10	2	6	1	20	1	20
1	15	9	8	2	25	1	25
2	20	7	10	1	50	1	30
1	30	2	12	1	70	2	100
		2	15				
		2	20				
		2	25				
		5	40				
		4	50				
		1	62				
		1	80				
		4	100				
		1	150				
		1	187				
		1	200				
		1	400-500				

sales of personal property were made in only 20 boroughs and 24 townships, and arrests were made in only 65 boroughs and 24 townships. Only a few of the 524 collectors who returned the questionnaire failed to answer these two questions; the majority stated that they made neither sales nor arrests in any recent years. In fact many of them volunteered the information that they never heard of a sale or arrest ever having been made in their district.

Several collectors wrote that they were unwilling to sell the personal property of any one in order to collect taxes because such a measure was too drastic. One collector explained his failure to enforce the law on the ground that it was enacted ''nearly 100 years ago and is outlawed.'' An few collectors replied to the question by saying that they never heard of a law which authorized the placing of a taxpayer in jail for the failure to pay taxes. There are possibly other reasons why the law of 1834 is not used more extensively in boroughs and townships, but the principal reason is, no doubt, the fear on the part of the collector that he will unduly antagonize the taxpayer.

Power to Sell Personal Property, Arrest Delinquent, Collect Rent, etc., in Third Class Cities. Turning to the situation in cities of the third class, it is again found that there is some doubt as to the authority of the various collectors to imprison for non-payment of taxes. A law passed in 1901 authorized the city treasurer in third class cities to collect all city, school, and poor taxes levied within the city limits. Section 5 of the Act, after providing for the appointment of deputy collectors provides:

> "... . The said treasurer, as the collector of the said several taxes, and his deputies, shall have and exercise all the powers vested by law in the several collectors of State and county taxes, and in all the remedies for the collection thereof; and shall have additional power and authority, after five days' notice, to seize by levy and distress any property on the premises assessed, belonging to tenants, purchasers or others, without regard to the date of assessment or levy of the tax, and to sell the same, giving ten days' public notice of such sale by written or printed advertisement; and to levy upon any personal property of the delinquent, that may be found within the county, for the collection of said taxes; and after notice of sale as aforesaid, to sell the same for the payment of said taxes . . ."[83]

The language of Section 5 quoted above is almost identical with the language used in Section 38 of the Act of May 23, 1874, but Section 38 of the law of 1874 also provided an additional remedy as follows:

> ". . . ., and in case goods and chattels sufficient to satisfy the same, with the costs, cannot be found, such officer shall be authorized to take such delinquent and convey him to the prison of the proper county, there to remain until the amount of such tax, together with the costs and charges shall be paid, or secured to be paid, or until he shall be otherwise discharged by due course of law; . . . ."[84]

For some reason the Legislature, in enacting Section 5 of the Act of 1901, previously quoted, omitted that portion of Section 38 of the Act of 1874 which authorized the arrest and imprisonment of delinquent taxpayers. The writer has been informed by several city treasurers that they have been advised by their attorneys that such omission on the part of the Legislature evidenced a clear intention to take away from them their previous authority to make arrests, and this notwithstanding the fact that Section 5 of the Act of 1901 expressly gave the city treasurer the right to use all remedies available in the collection of county taxes. The argument advanced is that the remedies referred to as belonging to collectors of county taxes are those contained in Section 21 of the Act of 1834 concerning the sale of personal property and arrests, and since the Act of 1874 gave the city treasurer his own authority to sell property and make arrests apart fom the Act of 1834, and the Act of 1901 continues to give him the same right to sell property, the omission as to arrests in the Act of 1901 was intended to deprive the city treasurer of such authority as to all but county taxes.

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[83] Act of June 20, 1901, P. L. 578.
[84] P. L. 230.

Whether the above contention is sound or not, the fact remains that some city treasurers have been uncertain as to their right to make arrests. Such uncertainty, however, should have been removed by the decision in the case of *Manney v. Andrews*[35] decided in 1926. In this case a female taxpayer was arrested by a deputy collector duly appointed by the city treasurer of a third class city for failure to pay delinquent school taxes. The court upheld the commitment and in doing so held that Section 5 of the Act of 1901 gave to the city treasurer all the powers and remedies possessed by collectors of county taxes.

Regardless of the above decision, city treasurers are still doubtful as to their authority in the matter. In 1930 the writer received first hand information in 29 third class cities as to the number of arrests and sales of personal property. Collectors in 6 cities reported that they had never made arrests and doubted their legal right to do so. In 2 of the cities where county taxes are collected by a separate collector, the collectors insisted that they did not have authority to make arrests under any circumstances. Eleven collectors reported less than 8 arrests in any one year. One collector placed 7 delinquents in jail after having issued 1,200 warrants, while another made 2 arrests after giving notice that he had caused 250 warrants to be prepared. In 2 cities from 15 to 20 actual arrests were made in one year, while in another city 250 arrests were made during one month when a collection drive was on. Another collector issued between 600 and 700 warrants, but placed none of the delinquents in jail.

Several city treasurers told the writer that they used the warrants as a bluff and that in a majority of cases it was so effective that they seldom went the length of actually conveying the delinquent to prison. A collector in a city with a serious delinquent problem, informed the writer that he did not resort to arrests for the reasons that all the jails in the county could not possibly hold all the delinquents he was privileged to arrest. Another collector stopped making arrests because the local court discharged the delinquents on their mere promise to pay their taxes and he had all of his work to do over again.

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[35] 7 Pa. District and County Reports, p. 391. (1926).

In fact, several collectors complained of the hostile attitude taken by the local courts in regard to arrests of delinquent taxpayers. It appears that in some instances, at least, the collectors have been treated more severely by the courts than the delinquent taxables. A case decided by a county court in 1931 well illustrates the complaint made by several collectors.

In the case referred to, a taxpayer, delinquent in his taxes, was arrested and placed in jail by the regular tax collector after repeated demands had been made for taxes due the county, township, and school district. The taxable owned no real estate; in fact, he was a boarder who owned only his wearing apparel. The amount of taxes claimed by the collector was admitted to be the correct amount delinquent and legally due.

After the taxpayer was released from jail he sued the tax collector for damages, claiming a false and illegal arrest. The court ruled that the arrest was illegal and directed the jury to assess the damages caused to the taxpayer by the illegal imprisonment. The court held that the commitment was defective since it did not set out separately the amounts due for county, township, and school purposes. Although the total amount due was correctly set forth, and was admitted by the taxpayer as the correct amount, the court decided that the various taxes should have been itemized. The objection is a highly technical one and in view of the fact that the taxpayer had in his possession an itemized statement of all taxes owed by him he was not injured in any way by the tax collector's failure to write on the commitment papers the exact amount due to each municipality. The law of 1834, under which the collector proceeded, does not instruct him in regard to minor details and it was conceded that he was acting throughout the matter in good faith and for the public's interest.

The court also held that the collector lacked the authority to make arrest because the personal property of the delinquent had not first been sold in order to collect the taxes due. In this case, the delinquent owned no personal property other than his clothing, but the court was of the opinion that until the clothing had been sold off his back the tax collector had no authority to make the arrest. Such a holding is certainly absured. While it is true that Section 21 of the Act of 1834 requires the collector to sell the goods and chattels of the taxpayer before making an arrest the Legislature never intended that a taxpayer should be stripped naked and in such condition arrested and conveyed to the county jail. Other local courts throughout the State have refused to place such a silly interpretation on this section. It is decisions of this sort that cause many tax collectors to permit taxes to remain delinquent rather than attempt to enforce the present laws as they are interpreted.

In regard to the sale of personal property, the story is about the same. In 14 cities there had been no sales during the past years and in 9 of these cities no sales since the collectors held office. In fact, in only 5 cities out of the 29 under consideration was there any real attempt made to collect taxes through the sale of goods and chattels of the delinquent. On the other hand, the collectors in 10 or 11 cities make a practice of placing levies on the personal property of delinquents in the hope that such action will induce them to pay rather than have their personal property sold. According to these collectors a majority of the delinquents pay promptly after such levy is made and those who do not pay are permitted to remain delinquent. The collector of county taxes in one of the largest of the third class cities levied on the personal property of 2,000 delinquents and received payment from over 1,600 of them within 2 months.

Regardless of the good results obtained through these levies by city treasurers in most every section of the State, many collectors do not go to the trouble to make such a levy. On the whole, it can safely be said that the laws authorizing the sale of personal property and arrest of delinquent taxpayers are as little enforced in the cities of the third class as they are in boroughs and townships, and for the same reasons. The collectors are either unaware of their authority to act, or personally consider the law too drastic, or are afraid of offending the taxpayer who, after all, has elected them to office. In any event, the collectors have permitted delinquent taxes to pile up at an ever increasing rate without any serious attempt to make use of the various remedies furnished by the Legislature.

While the right to sell the personal property of the delinquent, or to place him or her in jail, is the most important single remedy available to tax collectors, generally there are two additional measures which any collector may employ if he is possessed with the usual powers given to a collector of county taxes.

The first is the right to collect taxes from tenants. The oldest law still on the statute books granting this power is the law of 1804 which provides that:

> "Every tenant who may or shall occupy or possess any lands or tenements shall be liable to pay all the taxes which during such occupancy or possession may thereon become due and payable; . . . . ."[36]

While this law does not prescribe the action to be taken by the collectors in securing the taxes from the tenant, Section 46 of the Act of April 15, 1834,[37] provides that:

> "The goods and chattels of any persons occupying any real estate, shall be liable to distress and sale, for the non-payment of any taxes assessed

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[36] Section 6, Act of April 3, 1804, 4 Sm. Laws, 201.

[37] P. L. 509.

> upon such real estate, during his possession or occupancy and remaining unpaid in like manner, as if they were the goods and chattels of the owner of such real estate.''

It is under this law of 1834 that tax collectors in boroughs and townships are now authorized to collect taxes from tenants. Although city treasurers in the third class cities may legally proceed under this law they have their own authority to levy on and sell the personal property of tenants, as given in Section 5 of the Act of 1901,[38] and it is under this latter Act that they usually proceed.

Under the law of 1901 the collector may levy on the goods of the tenant, while on the premises, regardless of the time when the taxes were assessed and notwithstanding the fact that the tenant did not occupy the premises at the time the assessment was made; whereas, under the Act of 1834 the collector has no authority to act unless the tenant was in possession when the taxes in question were assessed.[39] Under either law the collector has no authority to sell the personal property of a tenant which has not been on the delinquent real estate.[40]

The second additional remedy referred to as being available to tax collectors generally, is the right to collect the wages due to aliens employed by any person, firm, association or corporation doing business in the State of Pennsylvania. The tax collector, under a law passed in 1897[41] has only to make a written request to the employer of any alien, setting forth the name of the delinquent, together with the amount of taxes due, and the employer is directed to deduct such amount from the wages due the delinquent, and pay the same to the collector within 60 days. The failure of the employer to comply with the collector's request results in his forfeiture of a sum double the amount of taxes owed by the alien employee.

The writer has found that as a general rule collectors are no more energetic in the enforcement of the laws concerning the sale of goods belonging to tenants, and the attachment of wages due aliens, than they are in regard to the law concerning the sale of the delinquent's personal property and his commitment to jail. Even in those sections of the State where a considerable number of aliens are employed, it is exceptional to find a case where the collector has collected taxes from an employer. It should be pointed out in this connection, however, that several collectors have experienced less difficulty in securing prompt payment from aliens than from citizens of the State.

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[38] Act of June 20, 1901, P. L. 578.

[39] Under a law passed April 17, 1866, applying to Carbon and Luzerne Counties, the goods of tenants are liable for taxes assessed prior to the occupancy of the premises.

[40] *Wolson v. Worrilow.* 12 Pa. District and County Rep. 507. (1929).

[41] Sections 1 and 2 of the Act of June 7, 1897, P. L. 135.

SPECIAL REMEDIES AVAILABLE IN THE COLLECTION OF SCHOOL TAXES. In addition to the remedies thus far discussed, there are certain legal actions authorized by the School Code which may be taken in order to collect taxes levied for school purposes.

The first of these is one permitting the recovery of taxes by suit, a method of collection which is expressly prohibited to collectors generally by Section 50 of the Act of 1834 frequently referred to.[42] Section 503 of the present School Code provides this remedy in the following language:

> "Every school district in this Commonwealth may, in addition to the present manner and remedies provided by law for the collection of school taxes, maintain an action in assumpsit for the collection of any unpaid school taxes, before any magistrate, justice of the peace, or alderman, or in any court of record; and to any judgment obtaining for such taxes there shall be added a penalty of ten per centum, together with costs of suit, upon which judgment and execution may be issued without any stay of execution, and no defendant in any such judgment shall have the right to any exemption of property levied upon to collect the same."[43]

t will be noted that this law does not confer any authority whatoever on the collector of school taxes, but enables the *school district nly* to bring the suit in question. Of course, no school district could proceed under this section so long as the warrant of authority issued o the regular tax collector remained in effect.

Although this law has been in force since 1911, and applies to very school district in the State, regardless of class or type of municiality in which located, it has been followed in very few instances.

Every school district of the second, third, and fourth class may, f it so desires, levy annually a per capita tax on each resident or inabitant over twenty-one years of age. This tax, if levied, may not e less than one dollar or more than five dollars. Experience has hown that a tax of this nature is difficult to collect and for that reason he Legislature in 1921 passed a law permitting any collector of school axes to collect the wages due any person who is delinquent as regards is or her per capita tax. This law makes the employer individually able for the taxes of the delinquent employee if he fails to comply ith the demand of the collector to deduct and pay over wages sufficent to cover the taxes due.[44]

Collectors who have applied this remedy have found it not only ery effective but simple and easy to enforce. In 18 third class cities has been used from time to time, especially in dealing with hopelessly stubborn taxpayers, and the writer found 4 cities in which it was employed rather extensively in 1929, there being 650 cases in the first city; 800 in the second; 930 in the third; and over 1,000 in the fourth. Of all the remedies provided by law to collect delinquent taxes, this one is most widely used, but it must be borne in mind that it only applies to the school per capita tax.

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[42] P. L. 509.

[43] Act of May 18, 1911, P. L. 309.

[44] Section 557 of the School Code of May 18, 1911, as amended by Section 8 the Act of May 11, 1921, P. L. 508.

Many collectors, not only in cities, but in boroughs and townships as well, regret that they do not have a law similar to the one under consideration by which they can collect all personal taxes levied by their respective municipalities. Since a poll or occupational tax is as difficult to collect as the school per capita tax, there is no good reason why the Legislature should not extend the same remedy for their collection as it provides for the school per capita tax.

In fact, it would be a very material aid to all tax collectors if they could attach the wages of a delinquent taxpayer in order to collect taxes levied against real estate. Such a law might seem too drastic to some people, but in reality it would not be any more drastic than the present law which permits the sale of the delinquent's household furniture and the commitment of his person to jail. The enforcement of such a law would have to be left to the discretion of the collector and taxing authorities, but there is little reason to think that they would abuse such discretion since all the present remedies thus far discussed are entirely discretionary with them and any abuse noticed so far has been in the failure to enforce the laws at all, rather than an over enforcement which unduly harasses the taxpayer. Tax delinquency would undoubtedly be materially reduced if a taxpayer knew that all, or part, of his monthly wages or salary could be taken until his back taxes were paid in full.

LAWS PROVIDING FOR THE SALE OF REAL ESTATE TO COLLECT DELINQUENT TAXES. In addition to the remedies already described, by which a tax collector may proceed to collect delinquent taxes, the Legislature has made ample provision whereby the various local municipalities concerned may take the ultimate and last step, to wit: the sale of the delinquent's real estate. On the subject of the sale of real estate there have been numerous laws passed, amended, repealed reenacted, etc., in the last fifty years. During most of this time these laws have been so confused and complicated by overlapping and conflicting provisions that much litigation has resulted, and many of the officials concerned have been uncertain as to what steps to take. At times there have been as many as three entirely different and separate laws under which the local authorities might act in disposing of real estate subject to unpaid taxes.

No useful purpose would be served by tracing the histories of these various acts within the scope of this paper, but the two most important laws now in force will be considered somewhat in detail. One of these laws creates a lien on the delinquent real estate and provides for a court judgment and subsequent sale by the sheriff, while the other sets up the machinery whereby unpaid taxes are certified to the county commissioners and the property subsequently sold by the county treasurer.

THE FILING OF TAX LIEN AND SUBSEQUENT SALE BY SHERIFF. The old lien laws were codified by an Act passed in 1901,[45] but this Act was repealed and replaced by the Act of May 24, 1921.[46] The Act of 1921 was replaced by the Act of May 16, 1923,[47] which is the present Municipal Lien Law.

By the law of 1923 *all* local taxes levied on either seated or unseated land in any part of the State are made a first lien on the real estate involved. If any such taxes become delinquent, the interested taxing district may file a claim therefor in the Court of Common Pleas of the county in which the property is situated. Such claim may be filed any time before the last day of the third calendar year after that in which the taxes were first payable. The claim once filed survives for five years and may be renewed from time to time. The authorities may reduce the claim to judgment by Writ of Scire Facias and provision is made for the execution of such judgment and sale of the property by the sheriff.

Elaborate provision is made concerning the sale and notice thereof, but they need not be related here. The delinquent property owner is given the right to redeem his property within one year from the date of the acknowledgment of the sheriff's deed upon paying the sum bid at the sale, together with all costs and charges.

This lien act is a very complete piece of legislation but due to its many technical and long drawn out provisions (it covers 21 printed pages), many of the smaller taxing districts, especially among the boroughs and townships, do not use it unless they are fortunate enough to have the services of a skilled solicitor.

RETURN OF UNPAID TAXES TO COUNTY COMMISSIONERS AND SUBSEQUENT SALE OF REAL ESTATE BY COUNTY TREASURER. A much simpler method of procedure is provided by the law which authorizes the sale of delinquent real estate by the county treasurer. This method was used as early as 1844[48] and the various laws enacted from time to time concerning it were codified in the Act of May 21, 1913.[49] The 1913 Act was repealed and replaced by the Act of May 9, 1929,[50] and the latter

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[45] Act of June 4, 1901, P. L. 364.
[46] Act of May 24, 1921, P. L. 1089.
[47] Act of May 16, 1923, P. L. 207.
[48] Section 41, Act of April 29, 1844, P. L. 501.
[49] Act of May 21, 1913, P. L. 285.
[50] Act of May 9, 1929, P. L. 1684.

Act was replaced by Senate Bill 413, which became a law on May 29, 1931. The present law made several important changes in the law of 1929, changes demanded by county treasurers, many of whom had flatly refused to be bound by the Act of 1929. Some of the more important provisions of the Act of 1931 are discussed at this time.

Taxes Covered by Act of 1931. The Act of 1931 relates to delinquent taxes on seated lands only, but covers all local taxes levied on real estate by any taxing district in the State. The law of 1929 did not cover city taxes with the result that a city treasurer was compelled to use the Municipal Lien Act of 1923 (or a second law to be discussed later) for city taxes even if he elected to come under the Act of 1929 in regard to reporting delinquent school or poor taxes to the county commissioners. This meant proceeding under two different laws to recover delinquent taxes on one piece of property.

Section 1 of the Act of 1931 provides that it is the duty of every tax collector:

> "to make a return to the county commissioners of such taxes which are assessed and levied on seated lands and which are unpaid and for which no liens have been filed not later than the first Monday of May in the year succeeding the year in which the respective taxes were assessed and levied."

It will be noted that if liens have already been filed under other laws there is no duty on the collector to make the return called for by the law under discussion.

This section, in effect, cuts in half the three-year period allowed by the Municipal Lien Act for filing liens, since if no lien is filed by the first Monday in May following the year the taxes in question were levied, it becomes the *duty* of the collector to make a return to the county commissioners. Section 1 also provides that in addition to all penalties previously attached to the delinquent taxes, there shall be added an interest charge at the rate of six per cent per annum from the first day of May of the year following the levy of such taxes. The law of 1929 had provided an additional penalty of one per cent per month but many people considered such added penalty too severe and it was removed.

Preliminary Steps Leading to Sale of Real Estate. Sections 2 to 5 of the 1931 law provide that the returns made to the county commissioners shall be entered upon a specially prepared Tax Return Docket and when thus entered, shall constitute a first lien on the delinquent property, such lien to be in force for a five-year period only. No provision is made for renewing this lien. Provision is made whereby the returns once placed on the docket are certified to the county treasurer with authority given to him to *receive* such taxes and after a certain time to offer the property for sale. The law of

1929 did not create any lien against the delinquent property and the county treasurer was not made a receiver of delinquent taxes, but was authorized solely to collect them by selling the property involved. Section 7 of the Act sets forth the various preliminary steps to be taken by the county treasurer prior to the actual sale of the property, such as newspaper advertisements, notices to owner, etc.

Time When Sale Shall Be Held. Section 8, in part, provides that: "Such sale shall be made on the first Monday of August in the second year succeeding the year in which the respective taxes are assessed and levied or on any day to which such sale may be adjourned * * *" The law enacted in 1929 provided for the sale to take place on the first Monday in August *one* year after the taxes were assessed and levied. The laws previous to the Act of 1929 provided for the lapse of two years, and some people, including several county treasurers, objected to the 1929 law on the ground that there should be more than one year between the time the taxes were levied and the property sold. As a matter of fact, even under the 1929 law considerably more than a year passed prior to the sale, with the exception of some county taxes levied later in the year. On the other hand, several county treasurers interviewed by the writer on this subject, expressed the opinion that the lapse of one year was not objectionable and that after the law was in force for a year or two, and the taxpayers were aware of its provisions, there would be little complaint and the net result would be that the taxing units would receive delinquent taxes one year earlier than under prior laws.

The purpose of tax sales is to compel the payment of delinquent taxes and the sale should take place very soon after the taxes become delinquent. It is to be regretted that the law of 1931 did not continue the one-year period provided for by the law of 1929. In all likelihood such would have been the case if unfortunate economic conditions had not existed in 1929 which made its enforcement seem drastic in many cases.

In many states the period between delinquency and sale is even much shorter than *one* year. Mr. Carl H. Chatters made a study in 1928 of the tax sales laws of several states and his findings on this point show that the period of time which is permitted to lapse between delinquency and sale of real estate is as follows:[51]

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[51] *The Enforcement of Real Estate Tax Liens.* Carl H. Chatters, City Auditor, Flint, Michigan, Publication No. 10, Municipal Administration Service, New York City. This study presents many interesting facts concerning tax sales laws, as well as many valuable suggestions toward improving present methods of enforcing tax liens.

California	Sold to state at once and to individuals after five years.
Idaho	Sold first to county and after four years to individuals.
Louisiana	Six months.
Maine	Five months.
Michigan	Two years and four months.
Minnesota	Six months.
Mississippi	Two months.
Missouri	One year.
Montana	Fifty days.
Nebraska	Six months.
New Jersey	Six months.
Nevada	Six months.
New Mexico	Forty-five days.
North Carolina	Four months.
Ohio	Four years.
Oregon	Six months.
Rhode Island	Three weeks or more.
South Dakota	One year and one month.
Wyoming	Four weeks.
District of Columbia	Ten months.

Mr. Chatters well expresses the writer's view on an early date for tax sales when he says:

> "The period of time permitted to lapse between the date of delinquency and the tax sale is the most important single factor in the development of an efficient tax sale law. This sale should be held in the eleventh or twelfth month of the fiscal year for which the tax is levied. Only in this way can the state or municipality realize the greatest part of the levy in cash during the period for which the tax is levied. There seems to be no valid objection to a sale at such an early date, because it will cost the taxpayer no more for penalties after the sale than it did before. From the standpoint of the tax collecting agency there can be no objection to such a sale. It will not only bring in the cash at an early date but will enable the accounting officer to adjust his tax records before the end of the fiscal period."[52]

Right of Owner to Redeem Property Sold for Taxes. Provision is made by Section 15 of the law passed in 1931 whereby the taxpayer or any one having an interest in the delinquent property, may redeem it from the tax sale purchaser within two years, upon payment of all taxes and interest for which the property was sold, with an additional sum of twenty-five per cent as well as taxes levied since the sale, and which remain unpaid. In addition to these charges the redeemer must pay all costs connected with the sale.

A two-year redemption period is fixed in the tax laws of many states and a few give the owner up to four years in which to reclaim his property. On the other hand, some states do not permit redemption at all and a few have periods of one year or less. Where the redemption period is too long there is little incentive to buy on the part of a prospective purchaser since he is unable to regard the property as his own or make permanent improvements, etc. The taxing units would receive their money more readily through the tax sale method if the period of redemption was reduced to one year. Should the period be thus shortened, the taxpayer would still have two full years in which to pay from the time the taxes were levied before he would lose his property.

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[52] *Ibid.*, p. 16. See also an interesting "*Suggested Procedure or Calendar for the Assessment, Levy and Collection of Taxes,*" prepared by Mr. Chatters and printed here as Appendix I, page 317.

Purchase by County Commissioners. Sections 10 and 17 of the Act of 1931 provide that the county commissioners shall purchase any property offered for sale by the county treasurer if an amount sufficient to pay the taxes, interest, and costs is not bid by a prospective purchaser. In making such purchase, the county commissioners are not required to part with any money but they take title to the property in the name of the county and hold the same until the taxes are paid, or disposition of the property made. Within two years the owner or any interested party may redeem the property from the county commissioners upon the payment of all taxes and costs. The twenty-five per cent penalty charge against the redeemer in the case of a private purchaser, is omitted in all cases where the county treasurer sells the property to the county commissioners in the first instance. If the property is not redeemed within two years the county commissioners may sell it at any time after giving the necessary notices set forth in the Act.

Act of 1931 Not Mandatory. The most important single provision in the Act under discussion is contained in Section 2 which reads as follows:

> "No tax collector shall make any return of taxes as provided in this Act if the taxing authorities shall notify such tax collector in writing that returns shall not be made but that delinquent taxes are to be collected by the filing of lines in the office of the prothonotary."

The effect of this provision is to make the application of this law entirely discretionary with each of the five thousand taxing districts in the State. A tax collector in any borough or township may proceed under this law, or the Municipal Lien Act previously referred to. A city treasurer in a city of the third class may take action under either one of these laws, or he may proceed under a law passed in 1903[53] pertaining to cities of the third class only, and which gives substantially the same remedy as the Municipal Lien Act of 1923.

It is somewhat difficult to understand why the State of Pennsylvania needs three separate and distinct laws under which the authorities may proceed to collect taxes through the sale of real estate. While it is possible to achieve about the same result by the use of any one of them, the details as to time of filing lien, kind of notice required, time of actual sale, length of redemption period, etc., are different and the net result is that both the authorities and the taxpayers are constantly in a state of confusion as to what to do. Take the case of a piece of property located in a third class city on which city, poor, and school taxes are delinquent. The city authorities may direct the city treasurer to proceed against the property under the Act of 1903 applying to third class cities, the school board may direct the collection of school taxes to proceed against the property under the Municipal Lien Act of 1923, while the poor district may not file a lien under either of the two above laws, with the result that the collector of poor taxes will be compelled to make a return to the county commissioners under the Act of 1931. Three separate actions under three different laws against the same piece of real estate at the same time, for taxes due in one year! Is it any wonder that people hesitate to buy property sold for taxes? Furthermore, since it is entirely discretionary with the local authorities as to which of the several laws they shall follow, it appears to be equally discretionary as to whether they proceed under any law, or permit the taxes to remain delinquent and let the next city council or school board, etc., do the worrying. What the State needs is a modern tax sales law, and such law when passed should be mandatory.

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[53] Act of March 30, 1903, P. L. 106.

Compensation to County Treasurers. Two additional sections of the Act of 1931 should be noted. Section 8 in part provides as follows:

> ". . . . For receiving and paying over the purchase money or taxes collected by him the county treasurer shall be entitled to a commission of two per centum (2%) thereof such commission to be deducted from the amount to be paid to the taxing district . . ."

The law of 1929 did not provide means for compensating the county treasurer for his work in preparing the sales and handling the money collected and for that reason was very unpopular with many such officials. Without doubt the treasurer is entitled to some extra pay for the additional work imposed upon him and since there is no way to estimate or tell in advance how much work he will have to perform, the fee or commission basis of fixing his pay is possibly justified.

In most cases the two per cent will not be an unreasonable charge, but in some of the larger taxing units, where hundreds of thousands of dollars, even millions of dollars, of unpaid taxes might, under this law, be returned in any one year, the rate fixed is entirely out of proportion to the services rendered by the treasurer. In this connection it should be borne in mind that other sections of the Act provide that all costs of advertisements, making out and acknowledging deeds, etc., are charged against the delinquent property.

While exorbitant charges are thus possible under the law, it is likely that the larger taxing units will take advantage of Section 21 of the Act and notify the tax collector not to make any return of unpaid taxes to the county commissioners.

Compensation to Tax Collectors Who Make Returns of Unpaid Taxes to County Treasurers. The provisions of Section 6 of the law are so unique in the annals of tax legislation that they are set out in full.

> "After such return of taxes shall have been made in accordance with the provisions hereof responsibility of the tax collector or receiver of taxes for the collection of the taxes so returned shall cease. On making such return the tax collector or receiver of taxes shall be entitled to exoneration from the taxes so returned on the settlement of his accounts. On any unpaid taxes returned to the county commissioners the tax collector or receiver of taxes shall be entitled to receive a commission of two per centum (2%) from the taxing district for which such tax is returned when the tax is paid by the county treasurer to the proper taxing district provided that where the tax collector is paid on a salary basis he shall not be entitled to receive this commission of two per centum (2%)."

By an Act passed May 7, 1929,[54] two days prior to the passage of the 1929 Act concerning collections by the county treasurer, the Legislature provided that the tax collector should be exonerated as to all taxes returned to the county commissioners, but that no fees should be received by such collector on taxes returned. The new law of 1931 continues the right to exonerations and *then proceeds to pay the collectors for taxes they have failed to collect.* Allowing exonerations is perhaps justified, but since the collectors have assumed the responsibility of collecting all the taxes charged against them in their respective duplicates, it seems that they should be satisfied with being released of this responsibility in regard to the more difficult cases, and not expect to be paid for something they have failed to do. While it is true that they have been put to the trouble of mailing tax bills, nevertheless, the new law puts a premium on failure rather than on success. Moreover, the two per cent is ridiculously high *and amounts to more than many collectors, especially in cities and large boroughs and townships receive for actually collecting the taxes in the first instance.*

It is doubtful if a more idiotic provision can be found in any tax law in the United States. The Act furthermore discriminates against a tax collector paid on a salary basis, probably on the theory that his postage, stationery, etc., are paid for by the taxing district. Generally this is true, but the writer has found several instances, especially in third class cities, where such is not the case. On the other hand, in the majority of places where the tax collector is paid on a salary basis for collecting one tax or another, he must pay for his own clerical expenses and the premium on his bond. Furthermore, it may be assumed that the salaried collector has spent as much time and effort in mailing tax bills, etc., and in preparing the lists to be returned to the county commissioners as the fee paid collector. Finally, the Legislature, in discriminating against the salary paid collector overlooked the fact that, as a general rule, the collector paid on a salary basis collects taxes dollar for dollar cheaper, and at a lower rate of pay to himself than does the collector paid on a fee or commission basis.

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[54] P. L. 1576.

NUMBER OF PIECES OF REAL ESTATE SOLD IN RECENT YEARS BY COUNTY TREASURERS. The writer sought to obtain information from every county in the State to show, (1) how many pieces of real estate have been sold in recent years by county treasurers, (2) the number of cases where the county commissioners have been compelled to take the property because of the lack of a sufficient bid and, (3) the number of cases where the property sold has been later redeemed by some party in interest.

Altogether, information was secured from 53 counties exclusive of Philadelphia, in 14 of which the figures were taken personally by the writer from the records of the county treasurers. The figures obtained from 5 counties were so incomplete that no attempt is made to present them here. In 16 additional counties from which information was secured, no delinquent real estate was sold in recent years, liens being filed instead. The data presented refer to seated rather than unseated lands, except that in some counties there is no such distinction made on the permanent records.

SALES UNDER LAWS PASSED PRIOR TO 1929. The laws prior to the one enacted in 1929, under which seated land was sold by the county treasurer for unpaid taxes, provided that in case taxes were not paid within two years from the date of assessment, the land should be sold at the same time and in the same manner as unseated lands. Since the law governing the sale of unseated land provides for a sale only every other year most counties have followed the law in this respect and held sales of seated lands every second year; generally in the even years. In a few cases sales have been held every year but these cases may, in some instances, be due to special laws. Because of the fact that sales are held only every other year, taxes levied in the odd years, and which become delinquent, are permitted to remain unpaid one year longer than taxes levied in the even years.

For instance, at a sale held in 1926, property was sold for unpaid 1923 and 1924 taxes; at a sale held in 1928, property was sold for 1925 and 1926 taxes, etc. While this is the practice followed in most counties, there is some variation and one county reported a sale in

1926 on 1924 and 1925 taxes, and another sale in 1928 on 1926 and 1927 taxes. The result here was that the 1925 and 1927 taxes had not remained unpaid for two years prior to the sale as the law required. However, the inconsistencies resulting from the enforcement of the laws enacted prior to 1929 have been avoided by the laws of 1929 and 1931, by providing for an *annual* sale of seated lands.

The figures presented in Table 22 refer to sales held under the laws passed prior to 1929 only. Sales conducted under the 1929 law will be presented later. Since some counties reported the properties purchased by the county commissioners and the number of redemptions on a percentage basis, and others gave the actual number of properties involved, they are shown here exactly as submitted.

TABLE 22.

NUMBER OF PIECES OF REAL ESTATE SOLD IN RECENT YEARS FOR DELINQUENT TAXES IN TWENTY-SEVEN COUNTIES OF THE STATE.

County	Year of sale	Number of properties sold	Number or per cent of properties purchased by county commissioners	Number or per cent of properties later redeemed
Beaver	1926	56	30	2
	1928	117	78	7
Blair	1926	392	275	104
	1928	429	380	145
	1930	540	501	10
Bradford	1926	68	33%	7%
	1928	90	28%	12%
Cameron	1926	9	none	7
	1928	76	none	2
	1930	12	none	none
Clarion	1926	118	29	45
	1928	157	48	26
Columbia	1926	83	75%	10%
	1928	93	80%	15%
Crawford	1926	124	50%	—
	1928	130	35%	—
	1930	236	70%	—

NUMBER OF PIECES OF REAL ESTATE, ETC.—(Continued)

County	Year of sale	Number of properties sold	Number or per cent of properties purchased by county commissioners	Number or per cent of properties later redeemed
Dauphin	1926	170	92	54
	1928	200	149	40
	1930	475	370	—
Delaware	1928	486	292	158
	1929	588	513	173
	1930	908	853	108
Elk	1926	40	11	9
	1928	47	13	12
Erie	1926	332	45-50%	114
	1928	457	75%	90
	1930	500-600	—	—
Forest	1926	69	17%	17%
	1928	79	6%	35%
Huntingdon	1926	84	33	23
	1928	59	15	16
	1930	64	29	5
Indiana	1926	233	190	15
	1928	148	109	22
	1930	616[1]	512	—
Jefferson	1926	264	158	28
	1928	309	195	39
Lackawanna ...	1920	1040	800	160
	1922	304	197	95
	1924	300	227	68
	1926[2]	280	247	21
Lawrence	1928	534	—	—
	1930	849	—	—
Mercer	1926	143	11	45
	1928	296	24	70
	1930	356	161	24
Northampton ..	1926	940	313	56
	1928	989	365	45
	1930	713	333	8

NUMBER OF PIECES OF REAL ESTATE, ETC.—(Concluded)

County	Year of sale	Number of properties sold	Number or per cent of properties purchased by county commissioners	Number or per cent of properties later redeemed
Pike	1926	40	2%	60%
	1928	51	2%	52%
	1930	76	3%	19%
Schuylkill	1926	292	235	35
	1928	336	270	50
Somerset	1926	181	124	44
	1928	408	222	87
	1930	114	100	6
Sullivan	1926	52	12%	90%
	1928	48	8%	90%
Susquehanna	1926	27	9	1
	1928	46	12	10
Tioga	1926	34	16	5
	1928	67	28	11
	1930	81	39	4
Venango	1926	140	—	30
	1928	157	—	26
	1930	267	—	9
Wayne	1926	71	41	7
	1928	70	30	6
	1930	88	43	3

[1] Combined sale under old and new laws covering taxes due in 1927, 1928 and 1929.

[2] Last sale held.

An examination of Table 22 shows several interesting things concerning the sale of land for delinquent taxes. Notwithstanding the fact that the majority of county treasurers have always been more or less reluctant to sell real estate for delinquent taxes, and especially where the amount involved is small, the number of properties sold in recent years has increased with every sale. The few instances where a smaller number of properties was sold at the 1930 sale than at the sale held in 1928, are accounted for by the fact that such counties held two sales in 1930—one under the old laws and the other under the law of 1929.

While the total number of properties sold in any one year, when considered in relation to the size and population of the county, does not appear to be unduly high, still a serious problem exists when it is recalled that a majority of the properties are classified as seated, or improved real estate. In some counties many of the properties sold are improved vacant lots, a number of them held principally for speculation. An examination made of the records in several counties showed that while most of the properties sold prior to 1926 was for sums less than fifty dollars, the majority of sales since then have been for sums in excess of that amount and, in many cases, they run into hundreds of dollars.

In regard to the number of properties purchased by the county commissioners, the findings are rather significant. It appears to be more difficult year by year to find a willing purchaser for the properties offered for sale. In 14 out of the 25 counties reporting on this point 50 per cent or more of the properties offered for sale went begging for a bidder, and were finally taken over by the county commissioners. In the counties of Blair, Dauphin, Columbia, Delaware, Lackawanna, Northampton, and Schuylkill the proportion of county purchasers is extremely high and in most every case the percentage has increased with every sale held in recent years.

There are several reasons why the county treasurer cannot find a purchaser for these properties. The primary reason is that the purchase of a tax title in Pennsylvania is, in every sense, a gamble. This is so because of the complicated and conflicting laws under which liens may be filed and the property sold. Some of these laws are replete with technical provisions as to each step required to be taken and frequently some little slip up on the part of the authorities conducting the sale results in the court holding the sale invalid.

Among other things these laws provide that if personal property of sufficient value to pay the taxes is found on the delinquent property, there is no authority to sell the real estate.[55] This provision has caused county treasurers no end of trouble and has resulted in making tax titles almost unmarketable. There are cases on record where a purchaser in good faith has had to give up the property because the owner was able to prove later that there was sufficient personal property on the premises at the time of the sale to pay the taxes due. In one case such a sale was set aside because the court held that apples ripening on the trees might have been sold when ripe to pay the delinquent taxes.

As early as 1901 the Legislature removed this obstable in so far as it applied to sales made by city treasurers in cities of the third class,[56] but it was not until 1927 that an attempt was made to remove it from the laws generally.[57]

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[55] Act of May 13, 1879, P. L. 55; Act of June 1, 1915, P. L. 660, amending Section 1, of the Act of May 21, 1913, P. L. 285.

[56] Section 12, Act of June 20, 1901, P. L. 578.

Another reason many people are not interested in the sales conducted by county treasurers is the fact that the owner has two years in which to redeem his property. There is very little incentive to purchase property which may be reclaimed any time within two years. A few states have solved this problem by abolishing the redemption period altogether, while others have reduced the period to one year.[58]

The last column of Table 22 shows to what extent delinquent taxpayers take advantage of their right to redeem their property within two years after it is sold either to private bidders or the county commissioners. When these figures were compiled, the redemption period for all sales held in 1926 and 1928 had passed. The number of properties shown redeemed from the sales held in 1930 will be increased before the two-year period expires, but not in proportion to the redemptions shown thus far, since it has been the experience of many county treasurers that the majority of redemptions comes within a short time after the sale.

The figures shown here reveal the fact that only a small percentage of the properties sold are ever redeemed. Excluding entirely the sales held in 1930, data are shown for 55 "sale years" and out of these there was less than 25 per cent of the properties redeemed in 42 "sale years." In only a few counties were as many as 50 per cent of the properties reclaimed, while 1 county (Sullivan) shows as high as 90 per cent.

It appears that where a taxpayer has not been able to pay his taxes within the two years prior to the sale, he is not likely to be in a position to pay them within the two-year redemption period with all the added costs and an extra penalty of 25 per cent of the amount of taxes involved.

SALES HELD UNDER LAW PASSED IN 1929. The new tax sale law passed in 1929 was enacted by the Legislature with the hope that under it county treasurers would be better able to collect delinquent taxes, and without so much delay.[59] Since the main features of this Act have already been discussed in connection with the present law of 1931, it is only necessary here to call attention to two of its provisions.

The Act required that local tax collectors return all unpaid taxes, except those levied for city purposes, to the county commissioners on the first Monday of May of each year. On the first Monday of August of *every year*, the county treasurer was directed to hold a sale of those properties on which taxes levied the year before remained unpaid.

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[57] Section 1, Act of May 4, 1927, P. L. 712, amending Section 21 of the Act of April 15, 1834, P. L. 509.

[58] See C. H. Chatters', *The Enforcement of Real Estate Tax Liens*, p. 14.

[59] Act of May 9, 1929, P. L. 1684.

The first sales conducted under this law were held in 1930 on taxes levied in 1929. Out of 54 counties from which information was received, sales were advertised in only 30, and in some of these counties no properties were sold, but the sale was either restrained by the local court or adjourned to a later date, and sometimes readjourned. In 16 counties the authorities continued to file liens under the Municipal Lien Act of 1923 and therefore did not return taxes under the Act of 1929. In at least 8 additional counties, the local collectors refused to return unpaid taxes to the county commissioners, or the county treasurers refused, on one ground or another, to advertise the sale. In some counties the collectors took the position that their duplicates and warrants of authority allowed them two years in which to collect the taxes contained therein, and that they therefore could not be compelled to give up the right to earn their commissions until their warrants expired. In a few counties the collectors refused to return the taxes on the ground that they had already started to collect them, or had handed them over to justices of the peace, constables, etc., for collection. In one county only one taxing district made a return, although liens were not filed by the other districts in the county.

Where returns were made to the county commissioners and the property certified to the county treasurer, several such officials refused to conduct a sale. Some of these officials contended that the law of 1929 was unconstitutional, others that it did not apply to taxes levied in 1929, others that they could not be compelled to act where the Legislature had failed to provide means to compensate them for their additional services, while still others were of the opinion that the law was too drastic and would work unnecessary hardship on many people. Moreover, some of the treasurers who complied with the law to the extent of advertising a sale, did so with the intention of defeating the purpose of the Legislature by adjourning the sale from time to time as the law permitted. It is doubtful if any piece of recent tax legislation has caused more confusion on the part of public officials, or has been any more openly ignored, than the Act under consideration.

The following paragraph taken from a letter written by a county treasurer is typical of the comments made to the writer on this subject:

> "We are having a particularly difficult time with the Act of May 9th, 1929, P. L. 1684, providing for tax sales of properties for unpaid taxes. At the present time an action is pending in our local court attacking the constitutionality of the Act, and I have learned that the same situation exists in many other counties. It has caused quite a little confusion and uncertainty as to what to do. I fear that the next session of the legislature will try to remedy this condition and make a worse mess of it."

Table 23 shows the results obtained in 27 counties where sales

TABLE 23.

NUMBER OF PIECES OF REAL ESTATE ADVERTISED AND THE NUMBER SOLD, TOGETHER WITH THE NUMBER PURCHASED BY THE COUNTY COMMISSIONERS IN TWENTY-SEVEN COUNTIES IN THE YEAR 1930.

County	Number of properties advertised for sale	Number of properties sold	Number or per cent of properties purchased by county commissioners
Beaver	1967	Court restrained sale	—
Blair	6750	Sale adjourned (2)	—
Bradford	600	158	40%
Bucks	2270	1000	80%
Cameron	71	19	None
Carbon	414	118	82
Clarion	357	179	51
Columbia	617	162	70%
Dauphin	(1)	468	80%
Elk	224	100	30
Forest	301	None	—
Greene	460	Court restrained sale (3)	—
Indiana	(1)	616	510
Jefferson	810	Sale adjourned	—
Lebanon	45	45 (4)	40
Mercer	241	118	40
Northampton	(1)	987	969
Pike	200	64	6%
Schuylkill	1560	540	418
Somerset	3000	3	2
Sullivan	224	138	37%
Susquehanna	453	186	114
Tioga	165	63	50%
Washington	1700	Sale adjourned (5)	—
Wayne	225	71	47
Westmoreland	2200	550	490
Wyoming	490	140	67

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(1) Number of properties advertised for sale not known by the writer.

(2) Up until January 30, 1931 the taxes on about seventy per cent of these 6750 properties were paid.

(3) Up until February 3, 1931 the taxes on 186 of these 460 properties had been paid.

(4) In Lebanon County 1400 pieces of property were returned to the County Treasurer. Between May and July the taxes on 950 properties were paid. In July 450 properties were advertised as delinquent, and of these only 45 were actually listed for sale and later sold.

(5) Up until August 25, 1930 the taxes on 700 of these 1700 properties were paid.

were advertised as authorized by law. Where such sales were adjourned the footnotes show in what number of cases the taxes were voluntarily paid. The third column of the table shows either what number or percentage of the properties sold were purchased by the county commissioners.

A comparison of the figures contained in columns 1 and 2 of this table shows that in a majority of cases the number of properties sold falls far short of the number advertised for sale. After the properties were advertised, but before the sale was held, a large number of taxpayers paid their taxes to the county treasurer and had their properties stricken from the sales list. The information contained in the footnotes attached to items reported in the second column show the same good results in cases where the advertised sale was postponed.

Three counties not covered in Table 23 had a like experience. In Delaware County 5,400 properties were returned to the county authorities, and while no sale was held, the delinquent taxpayers were notified, with the result that up to February 11, 1931, taxes amounting to about $475,000 were paid on 4,300 of the properties returned. In Fayette County, where 2,000 properties were returned, the sales were postponed from time to time and up to August 23, 1930, 700 of the properties were removed from the delinquent list. In Lackawanna County over 3,400 returns were made, and although no sale was held, 70 per cent of the properties were settled for by November 20, 1930.

There is ample evidence presented by these figures to justify the conclusion that the vast majority of delinquent taxpayers will pay their taxes within a short time when they realize that their property will actually be sold. It is also important to remember that because of those sales and threatened sales the various taxing districts received delinquent 1929 taxes from one to two years earlier than they could have received them under the old laws enforced prior to 1929, which provided for a sale only every other year, and on taxes delinquent at least two years at the time of the sale.

Regardless of the speedier collections made possible by this feature of the Act of 1929, the Legislature repealed it in 1931 and the law set up in its place reestablished the old rule that real estate cannot be sold until August of the *second* year succeeding the year in which the taxes were levied. It is doubtful if the two-year period would have been inserted in the law of 1931 had it not been for the fact that the enforcement of the one year requirement in a year of general depression and unemployment seemed to many people to be an unjust hardship on the taxpayer.

Column 3 of the table shows that with two or three exceptions practically all the properties sold under the Act of 1929 had to be purchased by the county commissioners. The proportion of county purchases is higher than in the sales of 1926 and 1928 under the old law. The reason is not hard to find. The constitutionality of the 1929 Act was questioned from the very beginning, and while the State Supreme Court did not pass on the question, at least two local courts held the law invalid[60] on a point not germane to the features of the Act now under consideration.

In spite of these two decisions many counties proceeded to sell property under the Act but with the result that few purchasers could be found.

Either the law was valid in every county of the State, or it was invalid in every county of the State. If it was really unconstitutional, then thousands of sales were illegally made and untold litigation may result from such sales. It is unfortunate that the Legislature cannot pass tax collection legislation which is not only simple and direct in operation, but which is free from successful attack. The remedy would appear to be to wipe out all the existing obsolete tax laws and replace them with a modern tax collection code.

CAUSES OF TAX DELINQUENCY.

Causes of tax delinquency are so numerous and vary so much as to individuals, time and place, that it is impossible to draw many definite conclusions on the subject. Borough and township collectors were asked in a questionnaire to state what, in their opinion, were the chief causes for taxes remaining unpaid after the end of the year for which they were levied. Over 500 collectors returned the questionnaire, but only 270 expressed an opinion as to causes of delinquency. Many gave one main cause only, while others listed two or three. The answers have been tabulated under eight appropriate headings.

> First—cited 178 times—lack of money due to sickness, unemployment, and unforeseen difficulties. Unemployment was stressed by many collectors as the principal cause of delinquency for the year 1930.
>
> Second—cited 119 times—carelessness, procrastination, and indifference on the part of taxpayers.
>
> Third—cited 41 times—installment purchases of automobiles, radios, and numerous electrical appilances. Especially was the purchase and maintenance of automobiles referred to as a principal cause of taxes remaining unpaid. A collector in Cambria County wrote: "I have known hundreds of taxpayers in the last seven years to let their taxes go and buy a new car or radio or

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[60] *Bowers v. Smith.* 12 Erie 187; see also 78 Pitts 558. (1930)

anything they could get on credit and let the tax collector worry about their taxes."[61]

Fourth—cited 30 times—crop failures and other difficulties encountered by farmers.

Fifth—cited 25 times—living beyond means and the purchase of homes and automobiles without sufficient income to meet the necessary charges. A Berks County collector wrote: "About 85 per cent of my delinquents own autos and have telephones."

Sixth—cited 19 times—carelessness and laxity on the part of tax collectors. A collector in Schuylkill County, with nine years' experience as a collector, wrote: "Tax collectors not living up to their responsibility—and not sufficiently zealous."

Another collector in another part of the State, serving his first year, referred to his predecessor in office by saying: "The tax collector was too soft in my borough. He is a good man but everybody took advantage of him. If all tax collectors lived up to the law everything would be all right." Another collector wrote: "Too many collectors today are afraid to enforce the law in order to get delinquent taxes."

Seventh—cited 13 times—lack of business ability and management of property. A collector in Jefferson County wrote: "Mismanagement on taxpayer's part. Most any of them could pay their taxes if they would manage their affairs as they should, even at the high rate of taxes at the present time."

Eighth—cited 11 times—high taxes.

In addition to the above replies many collectors took advantage of the opportunity to say that personal and occupational taxes frequently become delinquent because the taxpayer objects to such taxes and tries to evade them in every possible way.

Information received by means of personal interviews with many tax collectors in third class cities revealed that, in their opinion, unemployment, carelessness, and too much buying on credit were the principal reasons for tax delinquency. In some of the largest of these cities the officials pointed out that certain large properties had been permitted to become delinquent because the owners were receiving a return on their money far in excess of the penalties and charges growing out of tax delinquency. Many collectors also mentioned the fact that there is a growing tendency for real estate operators, land sharks, and speculators to permit real estate to remain delinquent in the hope that they can dispose of the property at a good price and let the purchaser pay the back taxes.

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[61] A city treasurer in the Western part of the State told the writer of the case of a woman whose real estate taxes were delinquent and who put him off with the plea that she did not have the money to pay. A few days later he saw her driving a new automobile and upon inquiry at a local automobile agency discovered that on the very day she put him off she made a down payment on the car of an amount far in excess of taxes due.

While the opinions recorded here throw some light on the causes of delinquency, only a detailed study covering thousands of individual cases would reach the bottom of the problem. The extent to which taxes are delinquent, due to unemployment, presents a serious problem, not only for the local communities involved, but for the State government. The large number of cases where delinquency is due to carelessness on the part of taxpayers and tax collectors can be materially reduced by the use of more business-like methods of collection and, especially by the development of a tax consciousness on the part of the taxpayer.

SUMMARY.

The principal points developed in regard to the collection of delinquent taxes may be summarized as follows.

1. Although the Legislature has wisely refrained from providing special collectors of delinquent taxes for every political subdivision of the State, there are, nevertheless, entirely too many such collectors, especially in the cities of the third class where sometimes more than 40 persons are engaged in collecting delinquent taxes at one time.

2. In some parts of the State, aldermen, constables, and justices of the peace participate in the collection of delinquent taxes, and in many instances their charges are not only excessive, but their tactics brutal. The most that can be said for such officials is that their services add a few dollars to the delinquent's tax bill.

3. The law passed in 1929, permitting bonding companies to collect delinquent taxes, is open to the serious objection of inviting private interference with a public function which, while justified in extreme cases, is, nevertheless, humiliating to both officers and citizens of the community in question.

4. To a very considerable extent tax collectors all over the State wait for the delinquent taxpayer to voluntarily pay his taxes. Sometimes a second notice is mailed, or the name of the delinquent published, and in some places special collectors are sent around to personally serve a notice on the taxpayer, but it is only after a tax is long overdue that the average collector considers legal action against the delinquent. In many places threats and empty gestures have been made so regularly without being backed up with an aggressive enforcement policy, that the habitual delinquent pays little attention to them, unless it is to see some of his political friends about getting the matter fixed up, which usually means another extension in the time for payment.

5. The law provides the tax collector with numerous remedies,

such as the right to sell the personal property of the delinquent, collect rent directly from tenants, attach wages, commit the delinquent to jail, file a lien on delinquent's real estate and, if necessary, sell such real estate in order to pay the taxes and charges thereon. There is an abundance of evidence found in every section of the State to prove beyond question that tax collectors do not attempt to enforce the laws placed at their disposal by the Legislature. Some of the reasons why these laws are not enforced are indicated here.

(a) The tax collector is afraid of offending the taxpayer who, after all, elects him to his office as tax collector.

(b) The tax collector does not know what legal steps to take. Here the fault is not with the collector in many cases, but with the hodgepodge of tax collection laws which are greatly in need of revision and codification.

(c) The tax collector is a "regular fellow" and believes that the delinquent taxpayer can be jollied into paying his taxes.

(d) The tax collector knows the delinquent personally, or knows some one who does. This is especially true in the smaller communities of the State, but the same evil exists in the cities where the special collector lives in the territory in which he collects taxes.

(e) The tax levying authorities, and sometimes even the local courts, fail to support the collector when he attempts to enforce some of the remedies given him by the General Assembly.

6. The laws providing for the sale of the delinquent's real estate are especially ignored by many of the local authorities. Usually the officials authorized to conduct such sales are reluctant to sell real estate if it is used as the delinquent's home or place of business. There is a strong public sentiment against selling property for taxes, although no objection is raised if a mortgage is foreclosed and the mortgagee loses his property forever—without hope of redemption. In other words, foreclosures are recognized as legitimate and justified in the conduct of a private business, but not in the conduct of governmental business. In fact in many counties, no real estate has been sold for delinquent taxes for a great many years. In some counties a sale is advertised and then adjourned, and sometimes readjourned in order to give the delinquent additional time in which to pay his taxes. In those counties where sales have been held regularly every other year, as provided by law, four things are noticable: (1) the number of properties sold is increasing with every sale held; (2) the amount of taxes due on each property is increasing every year; (3) the percentage of property bought by the county commissioners, because there is no private bidder, is increasing with every year; (4) the number, or percentage of redemptions on the part of the owners is *decreasing* every year.

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CHAPTER VI

COST OF COLLECTING TAXES

Previous chapters have dealt with the office of the tax collector, his rights, powers, and duties, as well as the various steps taken in the process of collecting taxes. The twofold purpose has been to discover whether taxes are collected in a manner most convenient to the taxpayer, and with the greatest degree of efficiency. The purpose of the present chapter is to inquire into the problem of cost to determine, if possible, whether taxes are economically collected. No system of collecting public revenue can justify itself unless its operation results in securing the money in a convenient, efficient, and economical manner.

In the last ten years no phase of the present collection system has received more publicity, more criticism, favorable and unfavorable, than the problem of costs. Some persons have claimed that the total cost to the taxpayer is entirely too high, due to the high salaries paid in the form of fees to many collectors, and to the large number of taxing districts collecting small amounts. Many instances have been pointed out by those opposing the present system where collectors receive fees amounting to eight, ten, twelve, fifteen, eighteen, and even twenty-five thousand dollars a year. On the other hand, it is claimed that hundreds of collectors, especially in the smaller boroughs and townships, are underpaid for the very neceessary but unpleasant work they perform.

From time to time various comparisons have been made of the cost of collecting taxes in Pennsylvania and certain other states. Some of these comparisons have given very erroneous impressions, due in the most part to the fact that adequate and reliable figures were not available, and even when obtained in part, were not really comparable in *all* respects.

DIFFICULTIES INVOLVED IN ASCERTAINING THE COST OF COLLECTING TAXES.

The task of determining tax collection costs is a difficult one in any state, and is all the more so in states like Pennsylvania where the collection system is extremely decentralized. The lack of uniformity in the accounting procedure among the various municipalities in the same state adds to the difficulties encountered. There is no central place in any municipality in Pennsylvania where tax collection costs may be obtained. It is necessary to examine records scattered through the files of many local offices. Frequently, official papers covering costs "cannot be located" when inquired for by some one seeking to ascertain the truth about the cost of local government.

More serious still is the fact that many items of cost do not appear on the financial statements prepared by local authorities, and frequently when they do appear, they are classified or grouped together under such headings as, "Miscellaneous Expenses," "Incidentals," "Extra Clerical Help," "Labor," "Not Previously Reported," etc.

Items of expense which are properly charged against the collection of taxes may, for convenience, be classified as direct or indirect costs. The following classification is offered, although it may not be complete or entirely logical.

DIRECT COSTS

1. Salaries and expenses of assessors.
2. Salaries and commissions received by tax collectors.
3. Expenses of tax collectors, such as,
    a—Rent, light, heat, and office equipment.
    b—Clerical help and various assistants.
    c—Postage, printing, supplies, and advertising.
    d—Premiums on surety bonds.

INDIRECT COSTS

1. Discounts allowed for early payment of taxes.
2. Interest on money borrowed in anticipation of taxes collected.
3. Time consumed by numerous authorities including county officials and court attachees in the filing of liens and the sale of delinquent real estate.
4. Time consumed on tax matters by city and borough councils, county and township commissioners and supervisors, and members of school and poor boards.

So far as the State of Pennsylvania is concerned, complete and reliable information does not exist in usable form for any of the items enumerated above. As for the direct costs, fairly full and dependable data have been efficiently compiled to cover the salaries and commissions paid to assessors and tax collectors. Such information does not exist, however, to cover the expenses incurred by such officials, although the writer has personally gathered some data as to the expenses of numerous collectors. In regard to the indirect costs, reliable information does exist to show the amount of taxes lost through discounts, but the amount of interest paid for money borrowed in anticipation of tax collections is unknown for the State as a whole.

Full data on the latter point has been ascertained for all school districts in the State, and for a few of the cities. Items 3 and 4 represent costs which theoretically are chargeable to tax collections, but which cannot, with any degree of accuracy, be equitably allocated to such purpose. No attempt, therefore, is made to consider these items in this study.

The principal difficulty of ascertaining even the direct cost of collecting taxes in Pennsylvania can best be explained by one or two illustrations. Take the case of a third class city where the city treasurer collects city and school taxes, and a separate collector receives taxes levied for county purposes. Salaries and commissions paid the collectors are the only items of cost readily ascertainable. The city treasurer must give two bonds, one to cover city taxes, the other school taxes. If he personally pays the premiums on both bonds no item of cost is charged to the city or school district, but it often happens that the premiums in whole, or in part, are paid by one of the taxing districts, and sometimes both. In such cases the financial statements of such districts must be examined in order to discover what premium charges are to be included in tax collection costs. If the county pays the premiums on the county collector's bond it is necessary to examine the county records to obtain the cost of such bond. As to such items as postage, printing, advertising, and supplies, it is also necessary to examine the detailed financial statements of all three taxing units. Sometimes the collector pays a part, or all, of such expenses, although the general practice in most third class cities, especially in regard to city and school taxes, is for the authorities to pay such bills. The amount of money paid out for clerical assistance, unless paid by the collectors personally, must be determined in the same tedious way, and an additional difficulty is encountered in many cities due to the fact that some of the employees in the city treasurer's office perform other services in addition to collecting taxes.

The same arduous task confronts any one who attempts to ascertain the direct cost of collecting taxes in the boroughs and townships of the State. The fiscal records of at least three, and sometimes four, separate taxing districts in each borough or township must be carefully analyzed and there are over twenty-three hundred boroughs and townships in the State. There is no one place where such information can be obtained for the State as a whole, and no one place in any county, city, borough, or township where the local information can be obtained.

At one time the majority of local tax collectors paid on a fee basis were compelled to pay all of their own expenses and the total direct cost (excepting the cost of assessing property) to the taxing district was represented by the commissions paid to each collector. Today, however, there is only a very small number of collectors who pay *all* of the expenses connected with their work.

Under such a highly complicated and decentralized system of tax collection, with the items of expense scattered through the records of more than five thousand taxing districts, it is impossible for any one to show even the total *direct* costs of collecting local taxes for the State as a whole.

The present method is well calculated to keep the taxpayer in the dark as to the total amount of money actually expended, and every attempt to throw light on the subject is vigorously opposed by those who are benefiting under the present system. The writer, in gathering information from all parts of the State, discovered that most authorities were quite willing to furnish all facts and figures in their possession, with the exception of those pertaining to costs. In a few cases false figures and estimates were given in order to prevent the truth from being known.

Regardless of the fact that the figures obtainable are far from complete, the present chapter will not only deal with the laws regulating costs, but will attempt to show what the costs are for the entire State, as well as for each county and numerous cities, boroughs, and townships. It is well however, for the reader to keep constantly in mind the fact that the figures presented represent the MINIMUM costs only.

LAWS REGULATING SALARIES, COMMISSIONS, AND EXPENSES OF TAX COLLECTORS.

Laws Regulating Tax Collection Costs in the Cities of Philadelphla, Pittsburgh, and Scranton.

In the City of Philadelphia the Receiver of Taxes is by law placed on a salary basis. He receives $10,000 annually as the head of the tax collection department, and, in addition, is paid $4,000 per year on the collection of school taxes. All expenses connected with the conduct of his department are paid by the City and the school board.

In Pittsburgh, the City Treasurer, who collects city and school taxes, receives a salary of $8,000 annually and, as delinquent tax collector, is paid extra on either a salary or commission basis, at the election of City Council.[1] All expenses are paid by the respective taxing districts.

Since 1929, when the collection of all taxes levied in the City of Scranton, were placed in the hands of one collector, such official has been paid on a salary basis. In addition to a straight salary of

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[1] Section 6, Act of June 15, 1915, P. L. 976.

$7,500 per year, the collector is entitled to retain ten per cent of the *penalties* collected by him on all taxes which were delinquent for a period of six months at the time of their collection.[2] All necessary expenses are paid by the county, city, and school authorities.

LAWS REGULATING COST OF COLLECTING CITY AND POOR TAXES IN THIRD CLASS CITIES.

The compensation paid to city treasurers as collectors of city and poor taxes in cities of the third class is regulated by Section 14 of the Act of June 20, 1901, which, as amended, reads as follows:

> "The compensation or commission to the said treasurer as collector of city and poor taxes shall be fixed by the respective authorities levying the tax: Provided, however, That this compensation shall not, in any event, be less than one-fourth of one per centum on all taxes paid him before any penalty has been received, and five per centum on all taxes paid him after the penalty has been incurred . . . ."[3]

Until this section was amended in 1927 the minimum fee was fixed at one-half of one per cent on all taxes collected prior to the penalty period.

Contrary to the above provision, there are a few cities where the collector is paid less than five per cent on moneys received after the penalty has been added. Under the law it is permissable for the authorities to compensate the collector on a salary basis, and this is done at present in at least seven cities. In two or three cases certain commissions are allowed on delinquent taxes, in addition to the salary.

The law provides that all printing and stationery supplies shall be furnished by the respective authorities,[4] but such items of expense as postage, advertising, premiums on bonds, and clerical help are not covered by law and may or may not be paid by the taxing districts. Information obtained for the year 1930 shows that in 27 cities the authorities paid the postage charges, while in 7 cities the tax collectors furnished either a part or all of the stamps used in tax collection work. On the other hand, in 26 cities the collectors paid for all clerical help, while in 8 cities the city supplied the clerical assistance needed. In a few cities the collectors supplied both postage and labor, and in several cases the city furnished both. There appears to be no uniform practice among the cities studied in regard to paying advertising costs.

Premiums paid on tax collectors' bonds constitute an important item of cost. In 1923 the Legislature made it lawful for any county, city, borough, township, or school district to pay the premiums on any bond required of any officer or employee to insure the faithful performance of his duties.[5] In 1929 this law was repealed in so far as counties are concerned with the exception of the County of Philadelphia.[6]

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[2] Section 4 of the Act of May 8, 1929, P. L. 1643, as amended by Act No. 240 approved by the Governor, June 22, 1931.

[3] Act of June 20, 1901, P. L. 578 as amended by the Act of April 25, 1907, P. L. 1-17, and further amended by the Act of May 4, 1927, P. L. 739.

[4] Section 9, Act of June 20, 1901, P. L. 578.

While it is permissible for the various municipalities to pay the premiums on the bonds furnished by tax collectors, the law is in no sense mandatory, and each taxing district handles the matter each year as it sees fit. In recent years there has been a marked tendency on the part of city councils to pay the premium on the bond of the city treasurer which covers the collection of taxes levied for city purposes. In 1930 such premiums were paid by the authorities in 14 cities, by the collectors in 15, by a bank in 1, and by the city and collector jointly in another.

LAWS REGULATING COST OF COLLECTING BOROUGH TAXES IN BOROUGHS.

The new Borough Code of 1927 provides that the commission paid for the collection of taxes levied for borough purpses "shall be fixed by the corporate authorities of the borough, and shall not exceed five per centum of the amount collected.[7] The law goes no further than to fix a maximum fee of 5 per cent but the borough authorities in many of the boroughs allow the maximum amount only for the collection of delinquent taxes, and pay a very much smaller fee, generally from 1 to 3 per cent, on taxes paid before the penalty period. It is possible, under the Code, for the collectors of borough taxes to be paid on a salary basis provided the sum allowed is not in excess of five per cent of the total amount of taxes collected. Information received from 197 boroughs discloses the fact that for 1930, salaries were paid for the collection of borough taxes in only 10 boroughs.

Provision is also made in the Borough Code whereby "The tax collector may retain, out of the taxes collected, such actual printing and postage expenses as shall be incurred by him in the performance of his duties."[8] The amount of taxes so retained by the collector is subject to the approval of the borough council.

There is some uncertainty on the part of certain borough authorities as to what the Legislature meant to be included in "such actual printing and postage expenses." Some boroughs have taken the position that only the cost of actual printing and stamps should be included and that the collector must furnish stationery, envelopes, etc. Others have taken the opposite view in this regard, and some have gone so far as to include clerical expenses involved in mailing tax notices.

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[5] Act of April 26, 1923, P. L. 105.

[6] Act of May 2, 1929, P. L. 1278.

[7] Section 1309, Act of May 4, 1927, P. L. 519.

[8] *Ibid.*, Section 1310.

There are some cases, too, where the collector is required by the local officials to assume postage as well as other expenses. Usually in these cases, however, the collector is paid the maximum fee of 5 per cent. On the information at hand, it is safe to say that from 50 to 60 per cent of the collectors of borough taxes pay a part or all of such expenses as printing, advertising, supplies, and postage. A very much higher percentage pay for all of their clerical assistance.

From information obtained from 190 boroughs it appears that a corporate bond is required of the tax collector in 104 instances. In 73 of these the collector paid all premiums. The authorities paid in 12 cases and split the cost with the collector in 10 additional boroughs. Local banks paid such costs in 8 boroughs, while a mining company took care of the matter in another.

LAWS REGULATING COST OF COLLECTING TOWNSHIP TAXES IN TOWNSHIPS.

The Township Code passed in 1917 fixes the compensation of the treasurer of all first class townships as follows:

> "The township treasurer shall receive for his duties as treasurer and tax collector for the township a sum equal to five per centum of all township taxes received or collected by him, and in addition thereto, a sum equal to one per centum on all other moneys received or collected by him for the township, *unless a different rate be fixed by ordinance of the township commissioners passed thirty days prior to his election.*"[9]

The 5 per cent fee provided for here covers the collection of taxes levied for township purposes only. The latest figures available, those for 1927, show that *all* the first class townships in 6 of the counties out of the 15 having such townships, pay the maximum commission of 5 per cent, while many individual townships in the remaining 9 counties do likewise.

The new Code for townships of the first class, enacted in 1931, amends the section quoted above by adding thereto the following clause:

> "Provided that in no case shall the total compensation of the treasurer as treasurer and tax collector for the township exceed the sum of ten thousand dollars ($10,000)."[10]

This new provision places the $10,000 limitation on the commissions paid for the collection of township taxes only, and the same official, as collector of school, county, and poor taxes, continues to be compensated separately for the collection of each tax mentioned.

While the law allows the township commissioners in townships of the first class to use their discretion in fixing the collectors' commissions, as long as they stay within 5 per cent of the taxes collected, no such discretion is allowed township supervisors in second class townships. As for them, the law expressly provides that the collectors' commissions shall be 2 per cent on all general road taxes collected prior to the first day of June, and 5 per cent on all such taxes collected between the first day of June and the first day of October. The collectors are also entitled to retain the penalty on general road taxes received after the first of October, and that penalty is fixed at 5 per cent of the tax levied.

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[9] Section 271, Act of July 14, 1917, P. L. 840. The italics are supplied. The election referred to is held once in every four years.

[10] Section 802 of the new *First Class Township Code* passed May 20, 1931, and later signed by the Governor.

For the collection of special road taxes and any other taxes levied for township purposes other than for general roads, the collectors are allowed a flat commission of 5 per cent.[11] Regardless of the fact that the law thus definitely prescribes the methods of compensating collectors the authorities in 5 out of 221 townships studied pay the collectors on a salary basis.

Provision is made pertaining both to first and second class townships whereby "actual printing and postage expenses" incurred in collecting taxes levied for township purposes are to be paid by the township. This provision of the township law is as variously interpreted as the corresponding provision of the borough law.

With regard to the expenses incurred for clerical assistance, the situation is again the same in townships as it is in boroughs, with the collectors in the great majority of townships paying all, or nearly all, of such expenses.

Out of the 216 townships reporting on the question of bond requirements, only 95 required a corporate bond. In 52 of these cases the premium cost was borne by each individual collector. In 16 townships the local authorities paid all premiums, and at least a part in 15 additional townships. Local banks paid the premiums in 11 cases, and in 1 township the bond was paid for by a real estate board.

LAWS REGULATING THE COST OF COLLECTING COUNTY TAXES IN THIRD CLASS CITIES, BOROUGHS, AND TOWNSHIPS.

There is some uncertainty in the law in regard to the commissions paid for the collection of county taxes in cities of the third class, boroughs, and townships. Considering the State as a whole, it is only safe to say that the maximum fee allowed in any taxing district is 5 per cent. This fee, however, does not cover the collection of delinquent county taxes in several of the counties, and in a group of 9 counties, the county treasurer, without extra compensation, collects county taxes before they become delinquent.

The Act passed in 1925 permitting county commissioners to appoint a single collector of county taxes in cities of the third class provides that the compensation of such collector shall be fixed by the commissioners on either a salary or commission basis. Information at hand shows only 2 cities in which such collector of county taxes is paid on a salary basis. The law also provides that all expenses of such collector, including clerical assistance, may be paid by the collector or the county as decided by the commissioners, but that in no event shall the total cost exceed 5 per cent of the total taxes collected.[12]

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[11] Section 427 of the Act of July 14, 1917, P. L. 840.

In a majority of the cities where county taxes are collected by a single collector instead of ward collectors, most of the items of expense are paid by the collector with the possible exception of postage in a few cases. In at least 3 cities all cost, including clerical help, is borne by the county authorities. Premiums on the collectors' bonds are paid by the county in 2 cases, by the collector in 8, by banks in 2, and by the friends of the collector in at least 1 additional city.

Legislation enacted in 1927 and applying to counties of the seventh class only, provides that the commissions paid for the collection of county taxes shall be fixed by the county commissioners and shall not exceed more than 5 per cent of the taxes collected, and not be increased or decreased during the collectors' term of office. No provision is made in regard to the expenses incurred by such collectors.[13]

LAWS REGULATING COST OF COLLECTING SCHOOL TAXES.

The compensation paid to collectors of school taxes in school districts of the first class is determined by the board of school directors. All necessary supplies are furnished and, in addition, the law permits the school board to provide all necessary clerical assistance.[14] In all second, third, and fourth class school districts, school tax collectors are paid either a salary or commission, the amount in either case being fixed by the school board. The law provides that the sums so paid shall be reported annually to the Superintendent of Public Institution and be published in his report.[15] Information for the year 1930 received from 36 out of 41 third class cities shows that in only 10 cities did the collector of school taxes receive a salary rather than commission. Data secured from 204 boroughs and 228 townships show that salaries were paid to 9 school tax collectors in boroughs and 17 school tax collectors in townships.

The section of the School Code which requires the tax collector to deliver a written notice to each taxable showing the amount of taxes due, etc., provides that the school district shall pay all postage and printing expenses connected with the mailing of such notices.[16] The law, however, makes no provision for other expenses, such as supplies, advertising, and clerical assistance.

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[12] Sections 1 and 2 of the Act of March 26, 1925, P. L. 69.

[13] Act of May 4, 1927, P. L. 719.

[14] Section 528, Act of May 18, 1911, P. L. 309 as amended.

[15] *Ibid.*, Section 554.

Data do not exist to show in how many boroughs and townships the school board actually pays postage charges, but such information has been secured for the year 1930 from most of the third class cities and shows that in at least 4 cases the collector pays all postage charges, and in many other cases all postage on second notices which may be sent out. As to the premiums on the school collectors' bonds, the school boards paid them in 10 cities, the collectors in 19, and in 2 additional cities such costs were divided between the collector and the school board.

COMMISSIONS PAID TO SPECIAL DELINQUENT TAX COLLECTORS.

In addition to the salaries and commissions paid to the regular tax collectors for collecting taxes both before and after delinquency, there are many places where compensation is paid to special collectors of delinquent taxes. In some counties operating under local laws, the commissions thus allowed amount to 10 per cent of the taxes collected.

In a few counties where a 10 per cent penalty is added to delinquent county taxes, the special collector is permitted to retain such penaltiy as his commission. Some authorities contend that by this method of paying the collector the county receives the full tax as levied and pays nothing for the collection, while the taxpayer pays for his own delinquency. In actual practice such is not the case. The taxing district has been deprived of the use of the money and in addition frequently has to borrow money to run its affairs until such delinquent taxes are paid. The interest on this borrowed money is paid by the county out of its general funds with the result that there is less left to cover ordinary expenditures. On the other hand, if a 10 per cent penalty is added to the tax and turned over to the county, and the delinquent tax collector is paid a commission of 10 per cent, the county is in exactly the same position as before, and has suffered an inconvenience and possible financial loss due to the delinquency. The delinquent taxpayer no more pays for his delinquency when the penalty is retained directly by the collector that when it is paid to the taxing district and returned to the collector in the form of a commission for his services.

In many of the third class cities special collectors are appointed to collect delinquent taxes on commissions ranging from 10 to 20 per cent. The laws governing the collection of city, poor, school, and county taxes in cities of this class do not provide specifically for such collections, but the local authorities appoint them and fix their commissions from year to year as they see fit. A few cases are cited here. The figures used are for the year 1930.

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[16] *Ibid.*, Section 551.

In the City of Allentown, delinquent city taxes are turned over to 20 delinquent collectors on September 1 of each year, who are paid 10 per cent of the amount collected. The commission is taken out of the taxes collected. For taxes collected during the month of September, for instance, the city receives a 3 per cent penalty from the taxpayer, but pays a 10 per cent commission to the special collector. For the collection of delinquent school taxes there are 14 collectors who receive from 8 to 15 per cent. In one ward the collector is paid 12 per cent on real estate and 15 per cent on personal taxes. These commissions are also paid out of the taxes collected and not by the delinquent taxpayer. Delinquent county taxes are collected by 12 collectors covering 18 wards, who are paid 5 per cent on real estate and 10 per cent on personal taxes. All commissions are again paid out of the taxes received.

In the City of Easton, the City Treasurer is allowed 5 per cent on taxes collected after the penalty has been incurred. Delinquent collectors who work for him are paid 4 per cent for their services and he retains 1 per cent for his trouble in the matter. Incidentally, some of these collectors also add certain fees and charges which are paid personally by the taxpayer. In one instance, a taxpayer was compelled to pay over nine dollars in order to satisfy a tax claim of less than two dollars. In this case *both* an alderman and constable made a few dollars on the transaction. There are many cases like this throughout the State.

In Lock Haven the City Council appoints a delinquent tax collector on January 1 of each year and pays him a commission of 15 per cent. Since taxes paid during the month of January carry a penalty of 6 per cent, the city loses only 9 cents on every dollar collected in January, 8 cents in February, etc.,

In Reading the City Treasurer is allowed 5 per cent on delinquent collections but turns the full amount over to 12 collectors who receive an additional 5 per cent from the city authorities. As to school taxes in Reading, there are 14 collectors who collect personal taxes and receive a commission of 20 per cent which is paid by the school board and not by the delinquent taxpayer. There are also 8 collectors in the City seeking to collect delinquent county taxes. They also receive 20 per cent of the amount collected.

It is because of these unreasonably large commissions that the cost of collecting taxes in some cities is so high. For instance, in one city the city treasurer collected $1,000,000 before the delinquent collectors were called in, and was paid $5,000 for his services, while the delinquent collectors were paid something over $15,000 for collecting less than $200,000 of delinquent taxes.

Many of the third class cities do not pay their delinquent tax collectors on a commission basis, but permit them to add a certain amount to the tax bill and retain it as their compensation. These charges are supposed to cover the cost of issuing warrants, levies, etc., but are frequently added even when no warrant is issued or levy made.

The sum charged in these cases is fixed arbitrarily and bears no relation whatsoever to the amount of money to be collected. In 2 cities only 50 cents is added to each delinquent's bill, although in one of these cities $2.00 more is added if a levy is thought necessary. In 2 other cities the total charge made by the collector is $1.20. With one collector it is 50 cents on personal taxes and $1.00 on real estate. In another city the collector charges $1.70 and turns over 50 cents to an employee in the tax collector's office to compensate her for writing the delinquent's name and address on the delinquent list. In one of the largest third class cities in the State a taxpayer is required to pay $1.60 to the delinquent collector who does no more than deliver the tax bill to him with the request to pay the money at the regular tax office. In this city 50 cents of the $1.60 collected from each delinquent goes to the City Treasurer as a little extra graft, unless the taxpayer objects to the charge, in which event the 50 cents is dropped. In another city the total charge is $2.10 for delivering the bill and the taxpayer must pay direct to the regular collector.

In all of the cities referred to above, where the collectors charge a fixed sum for their services, the penalties incurred are added to the tax and turned over to the proper authorities. As a result, the taxing district receives the full amount of the taxes levied and, in addition, enough through penalties to make up for any loss sustained, due to the delay on the part of the taxpayer. In these cases the delinquent actually pays the extra costs involved in the collection of his taxes.

While the charges made are not uniform and appear to be unnecessarily high in some instances, and while there is a certain amount of graft and extortion which could and should be eliminated, still the system has some merit in that the taxpayer who pays promptly is not compelled to share the extra cost attached to the collecting of delinquent taxes, as is the case where the special collectors are paid on a commission basis and the money for that purpose is taken out of the taxes collected.

In the boroughs and townships of the State there are few special delinquent collectors and where they do exist they rarely receive more than a 10 per cent commission. Usually the regular tax collector collects all delinquent taxes and is allowed the customary 5 per cent on such collections. When, as sometimes happens, a local collector turns a tax bill over to a justice of the peace, or a constable, the latter adds a few dollars to the bill to compensate him for his services. There are a few cases, of course, where the collector and these local officers divide the money received from the delinquent taxpayer through these extra charges.

THE COST OF COLLECTING LOCAL TAXES CONSIDERING THE STATE AS A WHOLE.

Previous sections have described the laws regulating the various items of cost connected with the collection of taxes and the extent to which such laws have been followed by the different taxing districts in the State. It remains to be seen what the known costs are as expressed in dollars and in percentages of the taxes collected.

For several years the Department of Internal Affairs at Harrisburg has received data from the local units of government showing the total amount of taxes levied and the total sums paid in commissions for the collection of each of the different taxes collected. This data has been furnished under oath to the State officials authorized by the Legislature to secure it and while some errors may have crept in from time to time it is believed to be reliable.

In some cases where the collectors are paid on a salary rather than a commission basis, the salaries received are not reported by the local authorities, but in the majority of cases such sums are reported. It is very important, however, to bear in mind that the sums reported as commissions do *not* cover such expenses as clerical help, postage, premiums, rent, etc., when such items are paid for by the taxing district. There are two exceptions, the figures reported for city and school taxes in Philadelphia and Pittsburgh include at least the salaries paid to all employees engaged in tax work in the office of the tax collector.

Figures are available to show the total taxes levied and the salaries and commissions paid to collectors for the five-year period 1924-1928, but figures showing the total taxes *collected* exist for the years 1927 and 1928[17] only. In order, therefore, to show whether the cost in commissions has increased or decreased during the five-year period the total taxes *levied* are used as a basis for all five years and, in addition, the percentage of compensation for taxes collected is shown for the years 1927 and 1928. Since it is the general practice for the collectors to compute their commissions on the basis of taxes collected, plus penalties incurred, all penalties actually collected and turned in are included for the years 1927 and 1928 under the heading of total taxes collected. To the extent to which commissions were not paid on penalties collected, the percentages of cost shown are lower than they otherwise would be. With these explanations as to the data used, Table 24 presents for the years 1924-1928 the total taxes levied and collected, together with the commissions paid to collectors for each kind of tax levied in the State.

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[17] Data for 1929 not yet compiled.

Table 24 shows that by considering taxes levied for all purposes combined the collectors were paid in commissions an amount equal to 1.65 per cent of the total amount levied for 1924. In 1925 the percentage increased to 1.67, but decreased to 1.54 in 1926; to 1.48 in 1927; and to 1.42 in 1928. The average was 1.54 per cent for the five-year period. The percentages for 1927 and 1928 based on total taxes collected, as compared with total taxes levied, were slightly higher, as would be expected, being 1.56 per cent against 1.48 per cent in 1927, and 1.52 per cent against 1.42 per cent in 1928.

The averages for the State as a whole would be much higher were it not for the fact that almost one-third of the total taxes levied in the State is levied for city purposes, and due to the very low percentage cost for the collection of such taxes in Philadelphia, Pittsburgh, and one or two of the largest third class cities, the city collectors received only 0.68 per cent of the total taxes levied over a period of five years. Compensation to collectors of city taxes decreased from 0.80 per cent in 1924 to 0.57 per cent in 1928, a very substantial saving so far as the one item of salaries is concerned.

The total figures for the State were further reduced as a result of the low cost of collecting school taxes in a majority of the cities in the State. Considering school taxes for the entire State the table shows a decrease in compensation to collectors from 1.70 per cent in 1924 to 1.54 per cent in 1928. Another substantial saving occurred in regard to the collection of taxes levied for county purposes. In 1924 commissions to collectors amounted to 2.34 per cent of the taxes levied, as compared with only 1.87 per cent in 1928. Commissions paid to collectors of borough taxes consumed a smaller proportion of the taxes levied each year from 1924 to 1928, the total drop being from 2.69 per cent in 1924 to 2.40 per cent in 1928. In regard to township taxes, the table shows that the costs as represented in commissions, increased in the odd years and decreased in the even years. The percentages for 1924 and 1928 were 2.53 and 2.54 respectively. Commissions paid by poor districts are seen to be the highest in the State and increased from 2.41 per cent in 1924 to 2.82 per cent in

TABLE 24

SALARIES AND COMMISSIONS PAID FOR THE COLLECTION OF LOCAL TAXES IN PENNSYLVANIA FOR THE YEARS 1924-1928.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

Purpose for which taxes were levied	Year of levy	Total amount of taxes levied	Total amount of taxes and penalties collected	Cost of collection due to salaries and commissions	Ratio of cost to taxes levied	Ratio of cost to taxes collected
County	1924	$38,319,870	----------------	$897,114	2.34	------------
“	1925	43,967,780	----------------	902,827	2.05	------------
“	1926	47,853,595	----------------	960,591	2.00	------------
“	1927	48,142,470	$44,339,713	973,444	2.02	2.19
“	1928	52,371,950	46,966,629	982,986	1.87	2.09
Total	1924–1928	230,655,665	----------------	4,716,962	2.04	------------
City	1924	80,234,274	----------------	647,885	0.80	------------
“	1925	84,096,121	----------------	693,931	0.82	------------
“	1926	92,600,865	----------------	649,876	0.70	------------
“	1927	96,719,835	94,449,671	569,264	0.58	0.60
“	1928	111,371,979	107,332,882	642,466	0.57	0.59
Total	1924–1928	465,023,074	----------------	3,203,422	0.68	------------
Borough	1924	19,129,997	----------------	515,982	2.69	------------
“	1925	20,598,444	----------------	547,110	2.65	------------
“	1926	21,766,027	----------------	567,564	2.61	------------
“	1927	22,036,941	19,995,078	538,083	2.44	2.69
“	1928	23,467,835	21,293,087	565,357	2.40	2.65
Total	1924–1928	106,999,244	----------------	2,734,096	2.55	------------
Township	1924	14,351,291	----------------	364,435	2.53	------------
“	1925	17,428,485	----------------	481,560	2.76	------------
“	1926	18,473,625	----------------	478,106	2.58	------------
“	1927	19,060,601	17,679,576	501,369	2.63	2.83
“	1928	20,197,203	18,476,082	513,944	2.54	2.78
Total	1924–1928	89,511,205	----------------	2,339,414	2.61	------------
School	1924	114,955,219	----------------	1,955,692	1.70	------------
“	1925	119,323,338	----------------	2,120,014	1.77	------------
“	1926	135,891,925	----------------	2,189,681	1.61	------------
“	1927	139,327,499	131,565,956	2,170,111	1.55	1.64
“	1928	145,402,481	136,813,649	2,248,943	1.54	1.64
Total	1024–1928	654,900,462	----------------	10,684,441	1.63	------------
Poor	1924	5,492,631	----------------	132,908	2.41	------------
“	1925	4,920,522	----------------	125,179	2.54	------------
“	1926	5,351,835	----------------	143,815	2.68	------------
“	1927	5,181,053	4,577,702	146,287	2.82	3.19
“	1928	5,862.570	5,281,741	158,333	2.70	2.99
Total	1924–1928	26,808,611	----------------	706,522	2.63	------------
All purposes combined	1924	272,483,282	----------------	4,514,017	1.65	------------
“	1925	290,334,690	----------------	4,870,621	1.67	------------
“	1926	321,937,872	----------------	4,989,633	1.54	------------
“	1927	330,468,399	312,607,696	4,898,558	1.48	1.56
“	1928	358,674,018	336,159,070	5,112,029	1.42	1.52
Total	1924–1928	$1,573,898,261	----------------	$24,384,858	1.54	------------

1927. For the year 1928 they dropped to 2.70 per cent. Compensation to collectors of poor taxes is usually higher than that allowed to other collectors due to the fact that in many of the poor districts a comparatively small amount of taxes is levied and it is necessary to pay the collector a higher fee in order to make the job worth while.

Considering the data presented in Table 24 as a whole one of the most significant things to be observed is the fact that total commissions paid to collectors have not increased in proportion to the taxes levied, but on the other hand, have actually decreased since 1925. Undoubtedly this reduction in costs is one of the results of the fight made in the Legislature since 1921 to centralize the collection of all local taxes in the hands of some one official in each county and thereby eliminate more than two thousand local tax collectors.

Much of the saving accomplished in cities is due to the fact that in the period covered, several cities have paid for the collection of city taxes on a salary basis. The good showing made in regard to county taxes can be accounted for by the fact that in several third class cities ward collectors paid on a 5 per cent basis have been replaced by a single collector paid either a salary or commission not exceeding 2.5 per cent. In addition the school authorities in several third class cities have, within recent years, either reduced the commissions paid to the city treasurers, as collectors of school taxes, or paid their collectors on a salary basis.

Although it cost the people of the State over five million dollars in commissions to collect three hundred and fifty million dollars of taxes in 1928 it is impossible to say whether the cost was high or low without comparing it with costs incurred in other states comparable in important respects with Pennsylvania. The writer sought to secure reliable information as to the cost of collecting local taxes in the states of New York, New Jersey, Ohio, Maryland, Delaware, North Carolina, Indiana, and Iowa, but was successful in the states of North Carolina and Ohio only.

COSTS OF COLLECTING TAXES IN NORTH CAROLINA AND PENNSYLVANIA COMPARED.

In 1927 the Governor of North Carolina appointed a State Tax Commission to make a careful study of all phases of taxation including tax collectors and tax collections. In North Carolina, as in Pennsylvania, local governments receive the bulk of their revenue from real estate. Taxes are collected in a few counties by local collectors, but in the majority of the State's 88 counties the sheriff is the only tax collector. In some cases the collector is paid on a salary basis in others on a fee or commission basis.

The Tax Commission, in its report to the Governor, referred to the difficulties encountered in ascertaining costs, as follows.

> "Cost of Collecting Taxes. An attempt to ascertain the cost of collecting the 1927 taxes in each county was beset with unusual difficulties. In most counties taxes are collected by the sheriff, but his salary or commission covers his work both as tax collector and as sheriff. Likewise, expenses other than for salary are charged to the office rather than to the separate functions. The task is further complicated because of the various ways of compensating deputies and the varied amount of time which they devote to tax collecting.
>
> "The figures represent roughly the cost of the sheriff's office, less such items as the cost of capturing stills, conveying prisoners, feeding prisoners, and other items that bear no relation to tax collecting. The compensation of deputies whose work is mainly police work is also deducted. The figure does not include the cost of telephone service nor the cost of heating, lighting, and equipping an office. It does include the premium on the sheriff's surety bond when that is paid by the county. Though the final figures are not exact, the cost in one county is fairly comparable with that in another. As soon as the counties have gained a little more experience in the use of modern accounting methods they might profitably ascertain collecting costs with more refinement."[18]

The Commission's figures referred to above show that in 1927 local taxes were levied in the amount of $45,695,724 and that it cost $732,386, or 1.60 per cent to collect them.[19] In Pennsylvania, in 1927, local taxes levied amounted to $330,468,399 and it cost $4,898,558, or 1.48 per cent to collect them.

The comparison is not very favorable for Pennsylvania when all the facts are considered. Pennsylvania levied seven times the amount of taxes levied in North Carolina but it paid almost seven times as much to collect them. Ordinarily, as the amount collected increases the percentage of cost should decrease. Furthermore, 40 per cent of the local taxes levied in Pennsylvania are levied in the cities of Philadelphia and Pittsburgh and are collected at a cost of less than 0.4 per cent, which very materially reduces the total cost in percentages for the State as a whole. There are no correspondingly large cities in the State of North Carolina and the density of population per square mile in 1930 was 65.0 as compared to 214.8 in Pennsylvania. Moreover, the figures for North Carolina, while not complete, contain all salaries and commissions, while those for Pennsylvania do not include salaries of employees engaged in tax collection work, except in the cities of Philadelphia and Pittsburgh.

COSTS OF COLLECTING TAXES IN OHIO AND PENNSYLVANIA COMPARED.

Conditions under which taxes are collected in Ohio are more comparable with conditions in Pennsylvania. Both are important farming as well as industrial states. Both have several large cities and the total local taxes levied annually is substantially the same. The only important difference is in the method used in collecting the money. The Pennsylvania system is highly decentralized with thousands of local collectors paid on a commission basis, while the Ohio system is highly centralized with the county treasurer receiving all taxes in the county and paid on a salary basis ranging from $2,500 to $6,000 annually, depending upon the population of the county and the amount of the tax duplicate. At the present time the maximum salary is paid in only the two counties of Cuyahoga and Hamilton, containing the cities of Cleveland and Cincinnati respectively.[20]

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[18] *Report of the Tax Commission*, North Carolina, 1928, p. 417.

[19] *Ibid.*, P. 455, Table 143.

The exact total cost of collecting taxes in Ohio has never been ascertained due to the fact that stationery and supplies in most counties are purchased for all county officers by a central purchasing agent and no attempt has been made to segregate the costs chargeable to the office of the county treasurer.[21] However, since stationery and supplies, when provided by the local authorities in Pennsylvania, are not included in the items of expense as gathered by the Department of Internal Affairs, the lack of such information for the State of Ohio in no way detracts from a comparison of the amount of money spent for salaries and commissions in the two states.

The following comparison for the year 1928 is offered:

	Total taxes levied	Total salaries and commissions paid	Ratio of salaries or commissions paid to taxes levied
Ohio	$321,995,861[22]	$1,187,241	0.36
Pennsylvania	358,674,018	5,112,029	1.42

The striking fact shown here is that it costs the State of Pennsylvania *four times* as much to collect its local taxes as it does the State of Ohio. In fact, Pennsylvania, in 1928, spent $2,248,943 in commissions to collect its school taxes alone, an amount almost twice as large as was spent by Ohio to collect *all* of its taxes. Furthermore, the cost figures shown here for Ohio include all salaries paid to all employees working in the office of the County Treasurer, whether engaged in tax collection work or not, while the figures for Pennsylvania do not include even the salaries of employees engaged in tax collection work, except for the cities of Philadelphia and Pittsburgh.

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[20] Letter from Mr. John A. Zangerle, Auditor of Cuyahoga County, Ohio.

[21] The writer sought, without success, to obtain total cost figures from the following sources: Tax Commission of Ohio, Department of Auditor of State, Department of Finance, and numerous local authorities.

[22] Taxes levied in 1927. The amount levied in 1928 is not known but it exceeds by many millions the levy of 1927.

In addition, the County Treasurer in Ohio collects not only all the local taxes, such as the collector in Pennsylvania collects, but all special assessments; liquor, cigarette, and dog licenses; inheritance taxes; and a small State levy as well. In Pennsylvania these taxes are not paid to local tax collectors but are collected by other officials at considerable cost to the State. In 1925 it cost $771,491 to collect $11,779,041 in inheritance taxes alone[23] or more than one-half of what it cost Ohio, in 1928, to collect all local taxes, an amount considerably over $325,000,000.

It is reasonably safe to say that if full and complete cost figures could be obtained for both states they would show that Pennsylvania spends from seven to ten times as much to collect local taxes as does the State of Ohio.

Some Pennsylvania critics of the Ohio system have said that taxes in Ohio are not as efficiently collected by the centralized county collector as they are in Pennsylvania with local collectors. The facts show, however, that while tax delinquency in Ohio has increased steadily for the last few years still, considering the State as a whole, the percentage of delinquency is no higher in Ohio than it is in Pennsylvania.[24]

ADDITIONAL ITEMS OF EXPENSE CONNECTED WITH THE COLLECTION OF TAXES.

COST OF ASSESSMENTS. In addition to the direct costs represented by salaries and commissions paid to tax collectors, there are other items of expense concerning which complete and reliable data do not exist. For instance, in 1928 people of the State paid $1,691,704 in salaries for having their properties assessed. Other expenses connected with the work of the various assessors are not a matter of record in available form. The large amount paid out in salaries to assessors does not mean, however, that the work is well done or that the assessors are competent and adequately compensated. There is evidence on every hand to show quite the contrary. The large sum paid to assessors is due to the fact that the present system of making assessments, like the system of tax collection, is highly decentralized with a county assessor in every city, borough, and township, and with two assessors in the cities of the third class and a few other places.

INTEREST PAID ON MONEY BORROWED IN ANTICIPATION OF TAX COLLECTIONS. Another important item of expense which is traceable to an inefficient tax collection system is the question of interest paid on money borrowed in anticipation of tax collections. Unfortunately, the accounting systems used in many of the municipalities in the State do not reveal the total amount of money paid annually as interest on temporary loans. Many of the third class cities have been able to avoid the necessity of securing such loans in recent years. However, for the year 1930 at least 13 cities of this class were compelled to borrow sums ranging from $7,000 to $150,000 for periods of from 60 to 90 days, with interest at 6 per cent. One of two cities that borrowed $150,000 was able to secure the loan at 5 per cent.

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[23] Table 17, p. 124, *Report of Pennsylvania Tax Commission*, 1925.

[24] See Table 7, p. 162, *Annual Report of the Ohio Tax Commission*, 1927.

The City of Philadelphia for years has been in the unfortunate and embarrassing position of having to borrow money to meet monthly pay rolls but has been able to secure the loans at a very low rate of interest. On the other hand, the City of Pittsburgh has collected its taxes so promptly in recent years that borrowing has been entirely avoided.

Some idea as to what these temporary loans cost the taxpayer can be obtained from data gathered by the Department of Public Instruction at Harrisburg. For the school year 1928-1929, the school districts of the State paid $537,483[25] in interest on temporary loans. About 95 per cent of the money borrowed was used to meet current obligations. If other taxing districts in the State borrowed in the same proportion to the taxes levied as the school districts it cost something over $1,200,000 to pay interest charges on the loans. If taxes were collected in a business like manner possibly 75 per cent of the above sum could be saved annually.

Penalties Paid by Delinquent Taxpayer Considered as A Cost of Collection. In 1928 delinquent taxpayers paid $2,165,556 to the various taxing districts as a penalty for the late payment of taxes. Whether this money was paid directly or indirectly to tax collectors for their services, or spent in the regular course of events by the various municipalities, the fact remains that it came out of the pockets of the taxpayers. As to those who paid, it was an extra cost connected with the collection of taxes.

Many tax officials look on penalties, not as a cost, but as a profit, and attempt to set off the penalties received against the commissions paid to collectors. This is a very narrow point of view and entirely overlooks the fact that the delinquent taxpayer pays his share of the collector's salary and the penalties as well. There is no set-off so far as he is concerned and any tax collection system that does not attempt to alleviate the burden of the delinquent taxpayer fails in one important function.

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[25] Letter from Jonas E. Wagner, Director Statistics, Research and Reports, Department of Public Instruction, Harrisburg.

Amount Lost by Way of Discount as Cost of Collections. In one sense at least the amount by which a person's tax is reduced by a discount to secure prompt payment is an item to be considered in the cost of collecting the tax. While such an allowance is not an actual loss, in the sense that the taxing district "pays out" anything, still, less than the full amount of the tax as levied is accepted in order to speed up collections. For the year 1928, $4,346,167 was deducted from the face of the total tax duplicate in the State. This is equivalent to 1.21 per cent of the amount of taxes and penalties actually collected. This one item nearly equals the amount of money paid to collectors in salaries and commissions.

Total Cost Unknown. If the figures were available to show the total cost, including all items of expense, it is likely that they would show that for the State as a whole it cost between 5 and 6 cents to collect every dollar of taxes levied, and that for many political subdivisions, or separate taxing districts therein, the total cost is from 10 to 20 per cent of the taxes levied. Until the system of collection is simplified and centralized, and more care is given to the preparation of financial statements, the total cost of raising local revenue will remain unknown. In the meanwhile, sufficient data exist to show what the biggest item of expense—to wit: compensation to collectors—amounts to in all of the many taxing districts of the State.

COST OF COLLECTING TAXES IN CITIES, COUNTIES, BOROUGHS, AND TOWNSHIPS.

The cost of collecting taxes varies considerably, not only from county to county, but as between the different types of political subdivisions thereof, and even in reference to the different kinds of taxes collected in the same political subdivisions. This variation is due principally to the fact that tax collectors are paid on a commission basis and the local taxing authorities are permitted, within certain limits, to fix the commissions paid.

Many of the taxing districts allow the maximum commission of 5 per cent regardless of the amount of taxes to be collected, while others reduce the fee paid so that when taken into consideration with the amount of taxes levied, the collector will be fairly compensated for his srvices. It often happens that a collector receives, say, 2 per cent for collecting borough taxes, 3.5 per cent for school taxes, and 5 per cent for county or poor taxes. Since the sum to be allowed is discretionary with the local authorities, there is a lack of uniformity even between the different boroughs or townships in the same county.

Due to the fact that there are over five thousand taxing units in the State no attempt is made here to show the commissions paid to

TABLE 25.

RATIO OF TAX COLLECTION COSTS TO TAXES COLLECTED, EXPRESSED IN PERCENTAGES BY COUNTIES, THIRD CLASS CITIES, BOROUGHS, AND TOWNSHIPS FOR THE YEAR 1927. COUNTY TOTALS FOR 1927 AND 1928 CAMPARED.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

Name of County	All Taxes in county	All taxes in county	Cities of the Third Class				Boroughs				Townships of the First Class				Townships of the Second Class			
			City Tax	School Tax	County Tax	Poor Tax	Borough Tax	School Tax	County Tax	Poor Tax	Township Tax	School Tax	County Tax	Poor Tax	Township Tax	School Tax	County Tax	Poor Tax
	1928	1927																
Adams	3.1	3.1	----	----	----	----	2.9	2.8	2.6	----	----	----	----	----	2.7	3.8	3.2	----
Allegheny	1.1[2]	1.1[2]	1.1	1.3	[1]	[1]	2.4	2.4	[1]	[1]	3.6	3.1	[1]	[1]	2.7	3.0	[1]	[1]
Armstrong	2.7	2.8	----	----	----	----	2.3	2.5	2.6	2.4	----	----	----	----	2.5	3.4	2.7	2.5
Beaver	2.0	2.2	----	----	----	----	2.4	2.2	[1]	[1]	4.8	4.2	[1]	[1]	3.4	3.3	[1]	[1]
Bedford	2.2	2.1	----	----	----	----	2.8	3.0	[1]	----	----	----	----	----	2.7	3.1	[1]	----
Berks	1.7	1.6	1.2	0.66	2.5	----	2.6	2.3	2.4	----	----	----	----	----	2.5	2.9	2.4	----
Blair	1.9	2.2	0.88	0.61	1.5	----	3.1	3.4	3.9	----	----	----	----	----	3.4	2.9	3.9	----
Bradford	2.8	2.6	----	----	----	----	2.6	2.9	2.3	1.9	----	----	----	----	3.2	3.1	2.7	2.8
Bucks	2.2	2.8	----	----	----	----	2.5	2.4	[1]	----	----	----	----	----	2.8	2.6	[1]	----
Butler	2.1	1.9	1.1	1.4	1.7	----	2.5	2.9	2.5	----	2.1	1.3	2.4	----	2.8	3.2	2.7	----
Cambria	1.9	2.1	1.5	0.48	2.5	----	2.7	2.7	2.2	----	1.8	2.9	2.2	----	2.7	2.6	2.2	----
Cameron	4.4	3.8	----	----	----	----	4.9	4.0	3.5	6.7	----	----	----	----	6.5	4.0	5.1	3.9
Carbon	2.5	2.5	----	----	----	----	2.3	2.5	2.1	2.5	----	----	----	----	2.8	3.3	2.2	2.4
Centre	4.0	3.6	----	----	----	----	3.7	3.2	5.0	6.0	----	----	----	----	4.5	4.2	5.0	5.0
Chester	2.1	2.2	0.8	1.2	[1]	----	2.0	2.2	[1]	----	----	----	----	----	3.3	3.4	[1]	----
Clarion	3.5	3.1	----	----	----	----	3.8	3.5	2.9	2.9	----	----	----	----	3.2	3.9	3.1	3.3
Clearfield	3.1	2.9	3.3	1.6	3.8	2.7	2.2	3.6	4.1	2.9	----	----	----	----	2.7	3.6	4.5	3.1
Clinton	3.2	3.4	[3]	1.6	5.0	----	3.3	2.1	5.1	----	----	----	----	----	3.8	4.1	6.2	5.0
Columbia	2.9	2.5	----	----	----	----	1.5[4]	2.1	2.7	3.7	----	----	----	----	3.1	4.0	5.8	2.7
Crawford	2.9	2.7	2.8	1.5	5.0	----	3.0	2.8	2.7	----	----	----	----	----	3.2	2.9	3.3	----
Cumberland	3.2	3.5	----	----	----	----	3.4	3.3	2.0	----	----	----	----	----	8.8	3.8	2.2	----
Dauphin	1.6	1.9	1.3	0.52	2.6	----	2.3	2.6	2.6	----	5.1	2.0	3.5	----	2.8	3.2	2.7	----
Delaware	3.0	2.9	2.2	1.0	5.0	5.0	3.5	3.4	5.1	5.0	3.4	2.0	5.0	5.0	3.0	3.8	5.1	5.0
Elk	3.0	3.0	----	----	----	----	2.6	2.8	2.7	2.7	----	----	----	----	3.1	3.4	3.4	3.4
Erie	1.8	1.8	0.87	0.55	5.0	----	3.2	3.7	2.7	----	5.0	1.5	2.3	----	3.5	3.4	3.5	----

Fayette	2.6	2.5	2.6	1.6	2.9	3.0	3.3	3.6	3.2	3.0	------	------	------	------	2.3	2.9	2.3	2.4
Forest	2.8	3.0	------	------	------	------	2.2	3.6	2.8	3.3	------	------	------	------	2.9	2.7	2.4	2.7
Franklin	2.8	2.8	------	------	------	------	2.9	2.7	2.5	------	------	------	------	------	2.6	3.3	2.8	------
Fulton	3.1	3.0	------	------	------	------	3.0	2.5	[1]	------	------	------	------	------	2.8	3.6	[1]	------
Greene	2.0	1.6	------	------	------	------	2.4	2.8	[1]	------	------	------	------	------	2.3	1.8	[1]	------
Huntingdon	2.8	2.8	------	------	------	------	2.7	3.3	[1]	------	------	------	------	------	3.3	3.6	[1]	------
Indiana	2.9	2.6	------	------	------	------	2.4	2.5	2.9	------	------	------	------	------	2.7	3.3	3.0	------
Jefferson	3.6	3.7	------	------	------	------	3.1	3.4	4.1	4.3	------	------	------	------	3.5	4.3	4.3	4.2
Juniata	3.0	3.2	------	------	------	------	3.7	3.5	2.5	3.3	------	------	------	------	2.7	3.2	2.6	2.7
Lackawanna	2.1[5]	2.7[5]	4.0	2.5	2.9	10.8	3.7	3.4	2.0	3.7	4.7	4.9	2.8	5.0	3.0	4.7	2.9	4.4
Lancaster	2.0	2.0	1.4	0.93	1.9	------	2.7	2.4	2.7	------	------	------	------	------	2.5	2.7	2.5	------
Lawrence	1.7	1.7	1.3	1.6	[1]	[1]	1.3	2.0	[1]	[1]	------	------	------	------	3.1	3.0	[1]	[1]
Lebanon	2.3	2.3	1.9	1.2	5.2	5.0	2.3	2.2	2.2	2.2	2.8	2.2	2.6	2.5	2.6	3.0	2.6	2.6
Lehigh	2.1	1.8	[3]	[3]	4.8	------	2.7	2.4	5.3	------	4.9	2.1	5.3	------	2.7	3.4	5.4	------
Luzerne	2.7	2.5	1.2	1.1	3.3	3.1	3.2	3.6	2.5	3.5	3.9	3.4	2.8	3.4	4.4	4.5	2.6	3.5
Lycoming	2.3	1.9	2.2	1.1	2.5	2.4	3.3	2.8	3.8	3.1	------	------	------	------	2.9	3.2	5.1	3.2
McKean	2.9	2.9	2.5	1.2	3.1	1.4	3.3	2.6	3.9	2.6	------	------	------	------	2.8	4.0	4.5	2.7
Mercer	2.3	2.4	1.6	1.6	1.7	------	2.4	2.3	3.1	------	------	------	------	------	2.8	3.3	2.2	------
Mifflin	2.9	2.9	------	------	------	------	2.4	2.7	2.6	------	------	------	------	------	3.4	3.3	3.1	------
Monroe	2.3	2.2	------	------	------	------	1.8	1.6	2.6	2.2	------	------	------	------	2.6	2.7	2.5	2.9
Montgomery	2.1	1.7	------	------	------	------	2.5	2.0	2.8	------	1.5	1.3	2.7	------	2.8	3.3	2.6	------
Montour	2.7	3.0	------	------	------	------	2.5	2.5	2.6	2.4	------	------	------	------	3.0	3.2	3.0	3.6
Northampton	1.6	1.7	0.43	0.47	3.5	------	2.9	2.7	2.5	------	------	------	------	------	2.9	4.0	2.9	------
Northumberland	3.3	2.7	2.9	1.3	2.7	4.4	3.6	3.1	2.6	2.5	3.2	5.1	2.2	4.6	3.1	3.5	2.6	3.0
Perry	2.9	3.1	------	------	------	------	3.9	3.4	2.2	------	------	------	------	------	2.3	3.0	2.4	------
Philadelphia	0.38[6]	0.38[6]	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
Pike	2.9	2.9	------	------	------	------	2.9	1.1	2.7	2.9	------	------	------	------	3.2	4.2	2.8	3.8
Potter	3.4	3.9	------	------	------	------	2.4	3.3	2.5	2.7	------	------	------	------	3.5	4.1	3.4	5.2
Schuylkill	2.9	3.0	1.9	2.5	1.9	------	3.4	2.7	2.6	------	------	------	------	------	2.3	3.6	2.4	------
Snyder	2.9	3.0	------	------	------	------	3.3	3.0	2.4	2.7	------	------	------	------	2.7	3.0	2.4	3.6
Somerset	2.7	2.8	------	------	------	------	2.6	2.6	2.9	------	------	------	------	------	2.7	2.5	3.0	------
Sullivan	3.0	2.6	------	------	------	------	3.6	3.2	1.6	0.9	------	------	------	------	3.3	4.7	1.4	0.8
Susquehanna	3.4	3.3	------	------	------	------	2.7	3.8	3.3	2.3	------	------	------	------	2.9	3.5	4.0	3.5
Tioga	2.8	2.6	------	------	------	------	1.9	2.7	2.4	2.0	------	------	------	------	3.6	3.3	2.9	2.2
Union	2.6	2.7	------	------	------	------	2.5	2.0	2.5	2.6	------	------	------	------	2.7	2.9	2.8	3.0
Venango	2.9	2.9	2.8	0.95	5.0	5.0	3.8	4.1	2.5	2.9	------	------	------	------	3.0	4.6	2.9	2.9
Warren	1.9	1.9	------	------	------	------	1.0	1.2	1.1	------	------	------	------	------	2.8	3.2	3.1	------
Washington	1.7	1.7	1.9	0.93	[1]	------	2.3	2.4	[1]	------	5.0	1.6	[1]	------	2.0	2.1	[1]	------
Wayne	2.9	2.7	------	------	------	------	2.6	1.9	2.5	2.7	------	------	------	------	3.4	3.1	3.1	3.9
Westmoreland	2.4	2.2	1.7	1.4	2.6	------	2.5	2.4	2.6	------	------	------	------	------	2.7	2.4	2.7	------
Wyoming	3.6	3.5	------	------	------	------	2.2	3.5	3.6	3.3	------	------	------	------	4.1	3.7	4.0	3.9
York	2.3	2.1	1.3	1.2	4.5	------	2.6	2.4	2.2	------	4.9	2.5	2.3	------	2.6	2.6	2.6	------

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[1] Taxes collected by County Treasurer cost will be considered separately.

[2] Includes City of Pittsburgh.

[3] Collector paid on salary basis, amounts not reported to Department of Internal Affairs, Harrisburg.

[4] In the Town of Bloomsburg, listed here among the boroughs, the Town Treasurer collects the taxes during the first thirty days as part of his duties as Town Treasurer, and thereafter receives five per cent on balance collected.

[5] Includes City of Scranton.

[6] Includes City of Philadelphia.

each collector. Figures are presented, however, in Table 25 to show what percentage of the taxes collected is paid as commission; first, in each county; second, for each kind of tax collected in each type of political subdivision in each county. The first two columns of the table compare costs for 1927 and 1928 while the balance of the figures presented cover the year 1927 only.

A comparison of the first two columns of the table shows that collection costs increased in 1928 over 1927 in 22 counties, decreased in 28, and remained the same in 17. The increase was quite noticeable in the counties of Blair, Bucks, Cambria, Cumberland, Dauphin, Lackawanna, and Potter. On the other hand, substantial savings were made in Cameron, Centre, Clairton, Columbia, Greene, Lycoming, Montgomery, Northumberland, and Sullivan Counties. The net charge for the State was a reduction from 1.48 per cent in 1927 to 1.42 per cent in 1928.

In 20 counties commissions were highest for collecting township taxes; in 12 counties for county taxes; in 9 counties for borough taxes; in 7 counties for poor taxes; and in 6 counties for school taxes. In boroughs commissions were highest for collecting borough taxes in 20 counties; school taxes in 18 counties; county taxes in 15 counties; and poor taxes in 6 counties. In townships of the second class commissions were highest for school taxes in 32 counties; for township taxes in 11 counties; for county taxes in 10 counties; and poor taxes in 15 counties.

From the data presented in Table 25 one is able to ascertain two things in regard to costs in so far as salaries and commissions are concerned: first, the percentage of the total tax collected paid to the collectors; second, the variation in costs between the counties, and even between the different kinds of taxes collected in the same county. Due to lack of space the table does not show the amount of taxes collected or the amount of commissions paid, but only the ratio between the two. Where a small amount of money is collected a commission of 2 or 3 per cent may not be excessive, whereas, where a large sum is collected a commission of 1 or 2 per cent may be absolutely unreasonable.

There are several counties where the collectors received on an average of from 2 to 3 per cent in commissions on larg amounts of money. Eight of such counties are shown below. The figures are for the year 1928.

Together, these 8 counties collected but 20 per cent of the total local taxes collected in the State for the year 1928, but thy paid out in commissions 33 per cent of the total commissions paid in the State. It is difficult to believe that the taxpayers in one county—Luzerne—were compelled to pay $408,764 in fees alone to local tax collectors. This is equal to 34 per cent of what the taxpayers in the State of

County	Total taxes and penalties collected.	Commissions paid.	Ratio of commissions to taxes collected.
Carbon	$ 7,011,183	$ 147,042	2.1
Delaware	8,919,025	259,626	2.9
Fayette	5,548,774	140,583	2.5
Lackawanna	8,933,255	243,970	2.7
Luzerne	16,588,671	408,764	2.5
Montgomery	9,637,489	159,968	1.7
Schuylkill	5,902,246	179,841	3.0
Westmoreland	7,779,767	173,700	2.2
Total	$70,320,410	$1,713,494	2.43

Ohio paid to operate the County Treasurer's office in all 88 counties of the State. Luzerne County collected $16,000,000 as compared with Ohio's $322,000,000, or one-twentieth as much. Taxes were collected through 88 central offices in Ohio while under Pennsylvania's decentralized system there was at least one, and sometimes two or more, points of collection in the 72 political subdivisions of Luzerne County.

The excessive fees allowed throughout Cameron County are due to the fact that taxes are collected under a local law passed in 1867[26] which provides that the collector shall receive a 2 per cent commission on all taxes voluntarily paid within 30 days and a 10 per cent commission on all taxes paid thereafter. The commission in either case is added to the face of the tax so that the taxpayer pays directly for the cost of collection.

In cities of the third class commissions range all the way from 0.43 to 5.0 per cent, and on the whole, are especially high for the collection of county taxes. Conditions vary to such an extent as to the costs in third class cities that a detailed treatment of the question will be presented later in the chapter.

Cost of Collecting Taxes in Cities of the First and Second Class.

The cost of collecting taxes in the entire State is kept down to around 1.5 per cent of the amount collected due to the fact that in the cities of Philadelphia and Pittsburgh the collectors and their assistants are paid on a salary basis commensurate with the services performed. According to the figures submitted to the Department of Internal Affairs for 1928, the Department of Receiver of Taxes for the City of Philadelphia collected $66,221,899 in city taxes and penalties at a cost to the city of $307,205, or 0.46 per cent[27] of the amount collected. During the same time and with the use of the same collection machinery and personnel the department collected $29,148,010 in school taxes and penalties, at a cost to the school board of only $43,359, or 0.14 per cent of the amount collected.

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[26] P. L. 306.

There is no separate county tax levied in the City and no separate poor tax, except in the 5 wards where, under an Act of Assembly passed in 1854, poor taxes are collected by special poor tax collectors. These 5 collectors in 1928 collected $259,823 in poor taxes and penalties and received in commissions the grand sum of $21,587. This amounts to 8.3 per cent of the amount collected and is 20 times as high as the rate charged by the City to collect city and school taxes in the same wards. At least 2 of the 5 collectors received between five and six thousand dollars each for their year's work. Each of the 5 wards is served by one of the City's 8 branch tax offices where the taxpayers could go to pay their poor taxes if the law of 1854 were amended so as to do away with the special collectors.

In the City of Pittsburgh, city and school taxes are collected by the City Treasurer, while county taxes are received by the county treasurer. The figures reported to Harrisburg show that for the year 1928 the City Treasurer collected $20,065,625 in city taxes and penalties for the sum of $56,000, or at the rate of 0.27 per cent and $12,298,377 in school taxes and penalties for $37,000, or at the rate of 0.30 per cent. It cost a little more than one-half as much to collect a dollar of city taxes in Pittsburgh as it did in Philadelphia, but the school board in Pittsburgh was compelled to pay twice as much for each dollar collected as the school board in Philadelphia. In 1927 the rate paid for school taxes was only 0.26 per cent, while it cost the City 0.39 per cent on city taxes.

In 1928 the county treasurer collected $9,454,876 in county taxes and penalties in the City of Pittsburgh, and it cost $95,468, or an even 1.0 per cent to collect the delinquent taxes alone. What it cost to collect county taxes before the penalty period began was never reported to the Department of Internal Affairs. Without considering this unknown, but additional expense is cost the citizens of Pittsburgh nearly 4 times as much to have their county taxes collected by the county treasurer's office as they paid to collect their city taxes and, incidentally, the two tax offices are located in adjoining blocks.

For the year 1928 each kind of tax levied in the City of Scranton was collected by a separate collector. The City Treasurer collected city taxes until the penalty period began without extra compensation and was paid a certain share of the penalties imposed on taxes collected thereafter. The total cost of the City is not available. The school board received $1,279,213 in school taxes and penalties and paid $20,499, or 1.6 per cent for their collections. The county received $760,375 in county taxes and paid $38,019, or an even 5.0 per cent for their collections. The collector of poor taxes also received 5.0 per cent on $359,671 for his services. These figures include commissions paid on taxes collected both before and after the face period for payment expired.

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[27] According to the figures submitted by the City Controller, the Department of Receiver of Taxes actually spent $770,080.03 in 1928, but this Department handles the collection of water rents, etc., in addition to collecting local taxes.

Excluding city taxes, for which cost data are not had, it appears that the taxing districts in the City, including the separate 22nd ward poor district, paid $76,996 for the collection of only $2,409,229. This excessive cost, together with the inconvenience to which the taxpayers were put by being compelled to pay each tax to a different collector, led the Legislature, in 1929, to consolidate all collection work in one office. Under the new law the collector and his assistants are on a salary basis, with the result that a considerable saving was had in 1930, which will likely increase yearly as the office becomes better organized to handle the work.

COST OF COLLECTING TAXES IN CITIES OF THE THIRD CLASS.

Tax collection costs are very high in most of the third class cities. One reason for this is that the majority of collectors are paid a percentage of the tax collected, which bears no reasonable relation to the amount of work required of them. Another reason for the high costs is the fact that in most of the cities there are 2 collectors maintaining separate offices, and in several cities 3 collectors with as many offices. Furthermore, many of the cities still have ward collectors for county taxes and many such collectors are paid the maximum commission of 5 per cent.

Table 26 presents cost data for 22 third class cities for the year 1928. The table also shows, as far as information is available, what items of expense are paid for personally by the collector out of his commissions. In all the cities covered in this table the same man collects city and school taxes, but the cost data are reported separately for each tax. Cities in which any collector is paid on a salary basis are not included here.

Several interesting comparisons can be made from this table, not only between cities, but also between different kinds of taxes collected in the same city. For instance, in the City of Johnstown $21,976 was paid for collecting $1,204,010 in city taxes, while the school board paid only $9,666 for the collection of $1,433,441 in school taxes. Why the difference? If the City Treasurer did not consider the commissions allowed by the school board adequate compensation for the work involved, he could have refused to furnish a bond to cover such col-

TABLE 26.

COMMISSIONS PAID IN 1928 TO TAX COLLECTORS IN TWENTY-TWO THIRD CLASS CITIES, TOGETHER WITH ITEMS OF EXPENSE BORNE BY COLLECTORS

City	Kind of tax	Percentage of tax allowed collector †		Taxes and penalties collected*	Commissions paid to collectors*	Ratio of commissions to taxes collected	Items of expense paid personally by the collector**
		Before delinquent	After delinquent				
Clairton	City	1.25	5.0	$229,580	$3,921	1.7	
	School	1.0^{6}	5.0	415,533	5,202	1.3	
McKeesport	City	0.5	5.0	564,865	6,251	1.1	
	School	0.5^{7}	5.0	846,605	7,883	0.93	
Johnstown	City	0.25	5.0	1,204,010	21,976	1.8	Collector pays help and premium
	School	0.37	2.5	1,433,441	9,666	0.67	Collector pays help and premium
	County^{1}			678,201	15,260	2.3	
Meadville	City	1.0	5.0	173,553	3,026	1.7	Collector pays help and premium
	School	1.0	1.5	235,085	2,498	1.1	Collector pays help only
	County^{2}			127,515	3,188	2.5	Collector pays postage
Chester	City	1.0	5.0	791,982	14,904	1.9	
	School	1.0	1.0	865,351	8,653	1.0	
	County^{1}			182,438	9,182	5.0	
Connellsville	City	2.0	5.0	155,787	4,119	2.6	
	School	2.0	5.0	218,908	3,658	1.7	
	County			91,017	2,583	2.8	
Carbondale	City	4.0	4.0	133,102	3,945	3.0	Collector pays help and premium
	School	3.0	3.0	284,986	9,238	3.2	Collector pays help and premium
	County^{1}			86,500	4,325	5.0	
New Castle	City	0.5	5.0	644,836	9,211	1.4	Collector pays help and premium
	School	0.5	5.0	914,581	10,856	1.2	Collector pays help and premium
Lebanon	City	1.0	5.0	237,110	3,047	1.3	Collector pays help and premium
	School	1.0	5.0	257,213	2,508	0.97	Collector pays help and premium
	County^{2}			84,733	4,315	5.1	
Hazleton	City	0.5	5.0	333,455	2,363	0.71	Collector pays help only
	School	1.5	1.5	669,992	10,050	1.5	Collector pays help only
	County^{1}			197,214	10,251	5.2	
Wilkes-Barre	City	0.5^{8}	5.0	1,264,529	12,950	1.0	Collector pays all except help
	School	1.0^{9}	1.0	1,527,396	19,753	1.3	Collector pays all expenses
	County^{1}			898,910	24,904	2.8	

Nanticoke	City			228,908	3,635	1.6	
	School			329,320	9,040	2.7	
	County[3]			138,064	7,243	5.2	
Bradford	City			156,813	3,370	2.1	
	School			282,422	2,500[4]	0.88	
	County[3]			68,684	2,500[4]	3.6	
Sharon	City	0.25	5.0	304,103	4,984	1.6	Collector pays help and part of premium
	School	0.5	5.0	451,910	7,405	1.6	Collector pays help and part of premium
	County[3]	2.0	5.0	159,792	3,972	2.5	Collector pays help and part of premium
Sunbury	City	1.1	5.0	105,239	961	0.91	Collector pays help and premium
	School	1.25	1.5	253,084	3,276	1.3	Collector pays help and premium
	County	2.0[5]	5.0	42,052	1,175	2.8	Collector pays help and premium
Pottsville	City	1.5	5.0	249,412	4,046	1.6	Collector pays help
	School	2.5[10]	2.5[10]	374,593	9,267	2.5	Collector pays help
	County	2.0	5.0	137,545	3,416	2.5	Collector pays help
Franklin City	City	2.0	2.0	97,009	2,100	2.2	Collector has no expenses
	School	1.25	1.25	172,964	2,080	1.2	Collector has no expenses
	County[2]			77,985	3,899	5.0	
Oil City	City	0.25	5.0	231,279	7,029	3.0	Collector pays help only
	School	0.75	0.75	371,551	2,763	0.74	Collector pays help only
	County[2]			185,927	9,296	5.0	
Washington	City	1.0	5.0	263,034	5,600	2.1	Collector pays help only
	School	1.0	5.0	347,841	6,143	1.8	Collector pays help only
Greensburg	City			222,940	5,139	2.3	Collector pays everything except postage
	School			330,139	4,929	1.5	Collector pays everything except postage
	County			142,302	3,019	2.1	Collector pays everything except postage
Monessen	City	0.5	5.0	238,813	2,745	1.1	Collector pays everything except postage
	School	0.5	5.0	414,906	4,768	1.1	Collector pays everything except postage
	County			140,944	3,080	2.2	Collector pays everything except postage
York	City	1.0	5.0	492,289	6,307	1.3	Collector pays help only
	School	0.75[11]	5.0[12]	838,841	7,403	0.88	Collector pays help and premium
	County[2]			313,379	15,142	4.8	

† Information furnished by collectors and assistants.

* Figures compiled from the 1928 official returns made to the Department of Internal Affairs, Harrisburg.

** Information obtained from collectors and assistants covers the year 1930. In the majority of cases the items of expense were borne by the same parties in 1928.

[1] Separate collector for county taxes.

[2] Ward collectors for county taxes.

[3] Not known whether City Treasurer also collects county taxes.

[4] May be salary.

[5] Two per cent commission until end of discount period only.

[6] Reduced to 0.75% by 1930.

[7] Reduced to 0.25% by 1930.

[8] Increased to 1.0% by 1930.

[9] Reduced to 0.75% by 1930.

[10] Reduced to 1.5% by 1930.

[11] Reduced to 0.63% by 1930.

[12] Reduced to 2.5% by 1930.

lections and the school board would have secured the services of another collector, as has happened in several other third class cities. County taxes in Johnstown are collected by a separate collector who, as the table shows, was paid $15,260 for collecting only $678,201 in county taxes and penalties. The City Treasurer collected in round numbers over $2,600,000 at a cost of $31,000, while the county collector was paid half as much in commissions for collecting only one-fourth as much money. In 1930 the City Treasurer was employing 5 full-time assistants, while it was necessary for the county collector to secure the services of 4 people to collect only one-fourth as much money.[28]

Next take the case of the City of Chester in Delaware County. The City paid $15,000 for collecting $791,000 in city taxes, while the school board paid less than $9,000 for the collecting of $865,000 in school taxes. The school authorities paid 1.0 per cent while the city paid nearly 2.0 per cent. But these costs are mild when compared with the exorbitant sum paid for the collecting of county taxes in Chester. For the year 1928 county taxes and penalties were collected by a separate collector who received the magnificent sum of $9,182 for collecting $182,438, or an even 5.0 per cent! The taxpayers in Chester paid *five times* as much to have their county taxes collected as they paid for their school tax collection.

In the City of Carbondale the City Treasurer received over $13,000 for collecting $400,000 in city and school taxes, or a little over 3 per cent. Again, the county paid a single collector $4,325 for collecting $86,500 in county taxes, or the legal maximum of 5 per cent. In New Castle over $20,000 was spent in the collection of $1,500,000 in city and school taxes. The City of Lebanon paid only $5,500 for the collection of $494,000 in city and school taxes, but paid $4,315 to ward collectors for collecting $84,733 in county taxes and penalties.

In the City of Hazleton, in Luzerne County, the city authorities were able to collect $333,455 in city taxes for $2,363, while the school board was willing to pay $10,050 for the collection of $669,992, or at a rate more than double what the city paid. However, this is very inexpensive collection when compared with the cost of collecting county taxes in Hazleton. A single collector was actually paid $10,251 for collecting $197,214 in county taxes. This is at a rate nearly *eight times* as high as was paid the City Treasurer for collecting city taxes levied in the same year, and paid by the same taxpayers.

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[28] Altoona, Bethlehem and Johnstown are the only third class cities where it is found necessary to employ as many as 4 fulltime assistants to carry on tax collection work. At least 4 cities with larger population get along with 3 assistants, while in one of the largest third class cities the City Treasurer and 2 full-time assistants handle all the tax work. A majority of the smaller third class cities employs 2 tax clerks while a few are able to manage with 1 assistant. In addition to the full-time employees most all the cities engage part-time help during the rush period and to prepare and mail the tax statements.

The authorities in Wilkes-Barre paid over $57,000 for the collection of $3,700,000 in local taxes, but $25,000 of this amount was paid for the collection of less than $900,000 in county taxes. In Johnstown the City paid $22,000 for collecting $1,200,000 in city taxes, while Wilkes-Barre paid only $13,000 for collecting a like amount. On the other hand, the school board in Johnstown paid $10,000 for the collection of $1,400,000, while the school board in Wilkes-Barre paid about $20,000 for the collection of $1,500,000.

In the City of Nanticoke the various authorities paid $20,000 for the collection of less than $700,000 in city, school, and county taxes with over $7,000 of the cost charged to the collection of $138,000 of county taxes. In Pottsville, city taxes were collected for 1.6 per cent, while the school and county authorities paid 2.5 per cent. In Oil City, $7,029 was paid for the collection of $231,279 in city taxes, while the school board paid only $2,763 for the collection of $371,551 in school taxes. In addition, ward collectors were paid $9,296, or 5.0 per cent of the $185,927 they collected in county taxes. In other words, the county paid as much to receive $185,000 as the city and school officials paid to receive over $600,000. In Greensburg the City Treasurer received $13,000 for collecting less than $700,000 in city, school, and county taxes, while in the City of York the City Treasurer was paid $13,700 for collecting $1,331,000 in city and school taxes. In the City of York, however, the taxpayers spent $15,142 for the collection of only $313,000 in county taxes.

An examination of the table will show other cities where collection costs are equally as high. This is especially true in regard to the collection of county taxes. Several cities not included in Table 26 also paid a high price for the collection of county taxes. For instance, in 1928 in the City of Easton, ward collectors were paid $8,223 for the collection of $254,747 in county taxes and penalties, or at the rate of 3.2 per cent. In the City of Bethlehem $10,003 was paid for the collection of only $275,943 of county taxes and penalties. In Pittston the tax collector received 5.3 per cent and 6.0 per cent for collecting county and poor taxes respectively.

Since 1925 there has been a tendency on the part of county commissioners to abolish the old ward collection system and establish either a single collector or place the collection of county taxes in the hands of the city treasurer. In some instances the maximum commission of 5.0 per cent is paid to the single collector, while in a few cases the fee has been reduced to 2.5 per cent, thereby saving a half of what it formerly cost.

For the last 4 years county taxes in Harrisburg, Reading and

Williamsport have been collected by a single collector for 2.5 per cent of the amount collected. The people of Reading were saved $15,000 the first year the one-man system was inaugurated, and in Williamsport more than $5,000 was saved the first year. In 1928 the same change was made in the cities of Allentown and Erie, with a saving in 1929 over 1928 of nearly $15,000 in Erie, and $10,000 in Allentown. Usually, when the county authorities permit the City Treasurer to collect county taxes, they are able to have the work done for considerably less than 2.5 per cent.

In several additional cities very large sums were paid in 1928 for the collection of city and school taxes. For instance, in the City of Erie it cost $31,397 to collect $1,797,892 in city taxes, while Reading spent $19,060 to collect $1,606,635 in city taxes. Two-thirds of the cost in each city was for taxes collected after they became delinquent. It cost the people of Easton $11,075 to collect $622,683 in city taxes, while it cost the taxpayers of Williamsport only $10,236 to collect $1,231,693 in city and school taxes. City and school authorities in the City of Butler paid $6,535 to collect $570,378, and in the same year Titusville paid $6,078 for the collection of only $200,659, and Corry spent $5,303 to collect only $212,731 in city, school, and county taxes. In Harrisburg, $2,903,990 in city and school taxes were collected for $28,667, or a little less than 1 per cent.

There is hardly a third class city in the State where collection costs are not out of all proportion to the service rendered, and it is well for the reader to remember that the figures presented here do not cover all items of expense, since most of the cities pay for all postage and supplies, and many pay the premiums on the collector's bonds, while a few pay for the office help as well.

Some Instances Where Collectors Are Paid on a Salary Basis.

In the last few years local public opinion has compelled the authorities in some cities to compensate the tax collector on a salary, rather than on a fee or commission basis. Such action has, of course, been bitterly opposed by tax collectors generally. The argument usually made against the salary method is that a collector will not work as hard for a fixed sum as he will for commissions since, in the former case, he receives the same pay whether he collects the taxes efficiently or not.

This argument, of course, assumes that the responsible tax levying authorities will continue to pay a collector whether he collects taxes or permits them to become delinquent. The truth of the matter is that the collectors object to the salary method because they fear, and generally rightly so, that under such a plan of payment their total remuneration would be greatly reduced. Furthermore, many of them do not desire to lose the political prestige they now hold as a result of the fact that they pay their deputies, clerks, and assistants out of their own pockets and are frequently free to employ any one they choose, relatives usually being their first choice.

From every legitimate standpoint tax collectors, like other local, state, and federal officials, should be paid on a salary basis. The fee system of paying public officials generally is rapidly going out of existence all over the United States.[29] There is no valid reason why the tax collector should be an exception. The salary basis of payment offers several advantages.

First, in a majority of cases its adoption results in a saving to the taxpayer if the salary paid does no more than adequately compensate the collector for the skill, time, and energy required to do the work.

Second, it tends to bring about more uniformity in regard to the compensation of collectors in municipalities having about the same population, tax duplicate, etc.

Third, it enables the taxpayer to know how much the tax collector actually receives for his services. Where commissions are paid and the collector employs his own help, and pays his own expenses, it is impossible for any one to actually ascertain what compensation the collector really receives. Every taxpayer is entitled to know what his local officials are being paid. At the present time many collectors are able to hide their actual incomes by claiming that the bulk of their commissions are consumed in office expenses.

Fourth, the public is entitled to know what deputy collectors, clerks, and assistants are paid, but under the fee system this information is not forthcoming since the collector legally pays his help out of his own pocket and cannot be required to divulge their salaries. As the result of the present system many of the tax clerks and assistants do not consider that they are servants of the people, paid with the people's money, but rather that they are the private employees of the tax collector, and under no obligation to the taxpaying public.

Fifth, the salary method of paying the tax collector and his assistants would tend to break down the present system whereby the tax collector, because of his enormous fees, becomes a political power in the community. The work of collecting local revenue should be solely a business proposition and the collector should attend solely to that business the same as if he were employed by a private individual, or a corporation, to collect outstanding accounts.

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[29] See *Fee System in United States.* Thomas K. Urdahl.

A tax collector does not represent the people in any real sense of the word, has little or no discretion in regard to his work, and should be removed as far as possible from political influence. Nevertheless, as the matter stands today, in many communities the tax collector is a political power, a principal contributor to his party's campaign chest, and frequently is the leader who secures the votes to put over a new bond issue which increases taxes and in turn increases the sums paid to him in the form of commissions.

It is interesting to see what success some cities have had where the tax collector is paid a fixed salary. In Allentown the City Treasurer is paid a salary of $5,000 and collects city taxes as well as handles the work of the treasurer's office. In 1928 the City received $1,132,032 in city taxes and penalties. Two full-time employees conducted the work of the office. Possibly $3,500 would cover their salaries and all other incidental expenses. If the above estimate is about correct the cost to the City is much less than the cost in many cities where commissions are paid. However, the City paid $15,162 to special delinquent tax collectors for the collecting of less than $200,000 and when this item of expense is added to the cost of running the treasurer's office, plus his salary, the total cost is nearly $25,000, and is extremely high. The school board in Allentown pays a separate collector a salary of $3,500 for collecting school taxes. In 1928 he collected $1,464,626. He employed only one full-time assistant and the cost of running the office, including his and all other salaries was about $7,000 for the year 1930. But as was the case with the City, the school board paid $14,891 in 1928 to special delinquent collectors who actually collected less than $150,000. Again the total cost is entirely too high and is equal to that found in cities where commissions are paid so that neither the City nor the school board gained financially, in the end, by paying the regular collector on a salary basis and employing special collectors to collect delinquent taxes on a commission basis.

In Bethlehem the City Treasurer is paid $2,620 for his services, and in 1928 collected $853,772 in city taxes and penalties. About $7,000 in addition to the Treasurer's salary was spent in 1930 to meet all expenses of the office. This latter sum was higher than necessary, due to the fact that about twice as many assistants were employed, as are found in other offices collecting the same amount of money.

In the City of Erie, school taxes are collected by a separate collector who receives a salary of $4,250. In 1928 he collected $2,011,730 in school taxes and the total expenses to the school board was about $15,000. During the same year the City Treasurer and his assistants, paid on a fee basis, received $31,397 for collecting only

$1,797,892 in city taxes. It is probably that there were other costs, not included here, in the collection of city taxes.

It is also interesting to note that the city commission paid collector permitted 14.1 per cent of the city tax to go delinquent at the end of the year, while only 4.5 per cent of the school tax remained unpaid one year after it was levied.

In the City of Easton, school taxes are collected very efficiently by a separate collector who is paid a salary of $5,000 per year. In 1928 he collected $779,567 in taxes and penalties with the aid of only one full-time assistant. This collector paid for the premium on his bond and for all clerical assistance out of his salary. In 1928 the City of Easton collected $622,683 and paid out $11,075 in commissions. This is a good example of the saving that can be effected by paying the collector a fixed salary. Incidentally, 9.4 per cent of the city tax remained uncollected at the end of the year, as compared with only 3.8 per cent of the school tax.

In Reading, the school tax collector is paid a salary of $3,350 and in 1928 collected $2,040,141. However, commissions paid to delinquent collectors, and other expenses, increased the cost to $20,000 for the year 1930. The City, on the other hand, paid $19,060 in commissions for the collection of $1,606,635 city taxes and in addition paid out over $5,000 for salaries and supplies, which made city collections cost much more per dollar than school collections. Only 5.2 per cent of the school duplicate was delinquent at the end of the year, as compared to 7.0 per cent of the city duplicate. Again, a salary paid collector proved more efficient than a collector working on a commission basis. The 7.0 per cent delinquency in city taxes, however, is very low as compared with many other cities for the year 1928.

It will be observed that the salaries paid to the collectors in the cities discussed above ranged from $2,620 to $5,500. It is interesting to compare these salaries with the net earnings of collectors paid on a commission basis. The approximate net earnings of 24 individual collectors in the cities of the third class are shown in Table 27. The net earnings were arrived at by subtracting from the commissions received, those items of expense paid personally by the collectors. Since the data were furnished voluntarily, and in good faith, to the writer in a private capacity, no attempt is made to disclose the identity or location of any collector referred to.

From Table 27 it is seen that there is only one instance where a collector actually nets less than the minimum salary of $2,620 referred to above, and there are only 9 cases where the approximated net profit is less than the maximum salary of $5,500 indicated above. There are 8 collectors who received in the clear between $8,000 and $24,000 per year.

The earnings shown here may safely be considered as conservatively estimated, since it is doubtful if many collectors understated their expenses in supplying the information. Furthermore, in making these estimates it was necessary to deduct the expenses incurred in 1930 from the commissions paid in 1928 and since, in nearly every case, more taxes were collected in 1930 than in 1928, while the commission rate remained the same, it is logical to expect that the collector's net earnings were actually higher than shown here.

TABLE 27.

THE APPROXIMATE NET PROFIT OF TWENTY-FOUR TAX COLLECTORS IN CERTAIN THIRD CLASS CITIES, FOR THE YEAR 1928.

Taxes and penalties collected in 1928 (Round numbers)	Approximate net profit to collector in 1928*
$ 200,000	$ 3,300
200,000	3,500
275,000	4,100
275,000	3,000
400,000	3,500
400,000	2,500
500,000	6,000
500,000	2,800
500,000	8,000
575,000	3,400
600,000	6,600
600,000	6,900
600,000	6,000
600,000	8,000
600,000	8,000
700,000	7,000
700,000	7,500
800,000	7,700
800,000	10,300
1,250,000	5,000
1,600,000	14,000
1,600,000	13,000
2,000,000	24,000
2,500,000	14,000

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*The figures in this column were obtained by subtracting from the officially reported commissions paid to the collector—the expenses involved in the collection of taxes borne by each individual collector. These personal expense figures were estimated by each individual collector.

Recent Proposals to Compensate Tax Collectors in Third Class Cities on a Salary Basis. So many collectors in third class cities have been receiving outrageous fees that there has been some attempt made to pass necessary legislation to consolidate the collection of all taxes in the hands of a single collector to be compensated on a salary basis.

Several bills were introduced at the 1931 session of the Legislature to abolish the fee system in so far as third class cities are concerned. Representative Hoopes offered a bill which proposed to make the city treasurer the collector of all city, school, county, and poor taxes levied in the city.[30] The city treasurer would be paid an annual salary as tax collector, the amount to depend upon the population of the city. Salaries would be scaled according to population as follows: Up to 15,000, $1,500; between 15,000 and 30,000, $3,000; between 30,000 and 50,000, $4,500; between 50,000 and 70,000, $6,000; and over 70,000, $7,500.

Needless to say, the bill did not receive the serious consideration of the law-making body at Harrisburg. One real objection to the bill is the fact that salaries are arbitrarily fixed on the basis of population without any opportunity being given to the local authorities to adjust the salary paid so that it bears some relation to the amount of money to be collected and to other local conditions.

For instance, the City Treasurer in the cities of Johnstown and York would each receive a salary of $6,000 although there are 12,000 more people to collect from in Johnstown and the amount of the tax duplicate is double that of the City of York, according to the 1928 levies. Again, the City Treasurer in Easton would receive a salary of $4,500 as compared to the $6,000 salary paid in the City of York, although according to the 1928 figures Easton's levy was only $7,000 less than the City of York.

Senator Sordoni introduced a bill in the Senate,[31] a duplicate of which was introduced by Representative Gicking in the House,[32] consolidating the collection of all local taxes in third class cities. The city treasurer is made the collector of all taxes and is paid a salary ranging from $3,000 to $6,000 annually, the exact amount in each case to be determined by a salary board consisting of the Chairman of the Board of County Commissioners, the Mayor of the City, the President of the School Board, and the Chairman of the Poor Board, where there is a separate poor tax levied. In addition, the collector would be allowed to retain 10 per cent of the penalties paid on taxes collected after they were delinquent for a period of 6 months.

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[30] *House Bill* No. 345, Session of 1931.

[31] *Senate Bill* No. 546, Session 1931.

[32] *House Bill* No. 1355, Session 1931.

These bills never received real attention and, like the bill offered by Representative Hoopes, were never reported out of the Committees to which they were referred. With the maximum salary of $6,000, which is much lower than the one provided in the Hoopes bill, the collectors in the larger cities used every effort to prevent the bills being brought before the General Assembly.

In this connection it is interesting to recall the fact that in Ohio the county treasurer, who collects all local taxes in addition to performing the other duties of his office, receives a salary ranging from $2,500 to $6,000. The Sordoni and Gicking bills would pay salaries ranging from $3,000 to $6,000 for the collecting of taxes in cities alone, and yet these bills never reached the stage where they could be voted on because the salaries called for were considered too low to attract the services of capable collectors. Furthermore, the salaries proposed in these bills are as high as, and in some cases higher than, those now paid to the few collectors who are paid salaries in the third class cities.

A bill was introduced in the House by Representative Fitzgerald which would make the city treasurer the collector of city and school taxes and compensate him on a salary basis.[33] The exact salary to be paid to each collector would be determined by city council and the board of school directors. This bill, as amended in the Senate, provided for salaries as follows: For cities having a population of 25,000 or less the salary would be fixed at between $1,600 and $4,500; for cities with a population in excess of 25.000, but less than 55,000, the salary would be fixed at between $3,500 and $7,000; for cities having a population in excess of 35,000, the salary would be not less than $9,000, or more than $10,000.

This bill had a very stormy career in both houses of the Legislature. After several amendments were made in the House the bill came up for vote and was defeated 47 to 114. It was resubmitted and after further amendments were made it was passed in the House, was amended by the Senate, and finally passed by a vote of 29 to 12. The House refused to accept the Senate's amendments and Conference Committees were appointed but failed to agree, with the result that the bill never became a law.

There was a powerful influence back of the bill and a strong opposition to it as well. For once in ten years the tax collectors were fighting among themselves. Some were in favor of its passage, others were opposed to it, depending in the main whether the bill would raise or lower their present compensation. While the bill failed to be enacted into a law at the 1931 session there is every reason to believe that a new attempt will be made to pass it at the next session of the Legislature. For that reason some attention is given here as to how it would work if passed in its present form, i. e., with Senate amendments.

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[33] *House Bill* No. 576, Session 1931.

In considering the possible effects of a bill like the one under discussion, it is essential that the reader bear three facts in mind. First, that Table 10 on page 122 shows that from 75 to 80 per cent of all taxes collected are paid voluntarily by the taxpayer before the penalty period begins. Second, that until taxes are delinquent the collector does but two things—namely—mail a tax bill and receive the money as it is paid over the counter or by mail. Third, under the proposed salary law all items of expense connected with the work of the tax office, such as premiums on bonds, postage, supplies, advertising, etc., are to be paid by the taxing districts involved and, more important still, the salaries of all clerks and assistants, who actually do the work of mailing the bills and receiving the money, are likewise paid by the taxing districts. The salaried collector has but two things to do; first, assume responsibility for the proper conduct of the office and second, supervise and possibly assist in the work of receiving the money as paid.

The Fitzgerald bill was intended as an economy measure and as a means of getting away from the costly commission basis of paying tax collectors, but in all likelihood its operation would result in an increased cost to the taxpayers. In the first place the bill covers only the collecting of city and school taxes and, unlike the bills offered by Senator Sordoni and Representatives Hoopes and Gicking, leaves the collecting of county taxes as they are at present with either single or ward collectors paid a commission of from 2.5 to 5.0 per cent of the taxes collected. In other words, the proposed bill does not touch the evil where it is known to be the greatest. Furthermore, the saving in overhead costs that would result from combining county collections with city and school is entirely lost.

The $9,000 *minimum* salary that would be paid for the collecting of only city and school taxes in cities with a population in excess of 55,000 is without question unreasonably high. According to the official United States Census for 1930 the following third class cities have a population in excess of 55,000: Allentown, Altoona, Bethlehem, Chester, Erie, Harrisburg, Johnstown, Lancaster, Reading, Wilkes-Barre, and York. In another year McKeesport will be added to the list. In 1930 only $8,500 was paid in salaries to the collectors of city and school taxes in Allentown. In Altoona, for the year 1930, the City Treasurer collected city, school, *and county* taxes for a salary reported to be between $4,500 and $6,000. Under the Fitzgerald bill the collector in Altoona would be assured $9,000 with the possibility of receiving the maximum sum of $10,000. There are other cities among the 11 named above where the collectors, personally, make less under the fee system than the $9,000 guaranteed by the bill which nearly became a law. On the other hand, the collectors in possibly 4 of the above named cities receive far in excess of the $9,000 minimum. As to these collectors, a saving would result from the passage of the bill.

A comparison of the cities of Erie and York well illustrates one of the glaring inequalities in the proposed salary classification. Erie has a population of 115,967; York has only 55,254. In 1928 Erie levied $3,952,575 in city and school taxes, while York levied only $1,363,092 but, in spite of the big difference in population and amount of money to be collected in the two cities, both collectors would receive a minimum salary of $9,000 per year. In 1928 the cities of Lancaster, Altoona, and Chester levied in city and school taxes the sum of $1,418,307, $1,445,349, and $1,733,959 respectively and again at least $9,000 would be paid to the city treasurer in each city.

In 1929 and in 1931 the Legislature fixed the salary of the tax collector for the City of Scranton at $7,000, or $1,500 less than the Fitzgerald bill proposed to pay the city treasurer in third class cities. While the collector in Scranton is allowed to retain 10 per cent of the *penalties* received on taxes paid after they are delinquent for six months, he is responsible for the collection of all city, school, *county* and *poor* taxes, and in 1928 local taxes were levied to the amount of $6,230,982.

The Receiver of Taxes for the City of Philadelphia receives only $10,000 per year and in 1928 he had a city duplicate of nearly $70,000,000 to collect. It is true that he receives $4,000 additional for the collection of a school levy of nearly $30,000,000, but his total salary of $14,000 for collecting over $100,000,000 in taxes, not to mention water rents, is low when compared with the proposal to pay city treasurers $9,000 for collecting from $1,500,000 to $4,000,000. If the Legislature passes a law fixing salaries anyway near those proposed by the Fitzgerald bill, and the Governor signs it, there will be an attempt made at once to increase the salary paid to the collector in Scranton, and maybe in Philadelphia and Pittsburgh.

As to the proposed salaries for the smaller third class cities, it is only fair to say that some saving would be made if the local authorities, in fixing the amount, stayed pretty close to the minimum sum allowed by the bill. If past experience means anything, however, it is likely that most of the school boards would hold out for the minimum salary allowed, while a majority of city councils would insist upon the highest figure possible, with the result that a compromising figure would be agreed upon which, in most cases, would be entirely too high for the services to be rendered.

COST OF COLLECTING COUNTY TAXES THROUGH THE OFFICE OF COUNTY TREASURER.

There are at least 10 counties where in 1928 all county taxes levied in the various municipalities in the county were collected by the county treasurer and his local agents. These counties are: Allegheny, Beaver, Bedford, Bucks, Chester, Fulton, Greene, Huntingdon, Lawrence, and Washington. Collections are made in these counties under either local or special laws enacted before the present Constitution was adopted.

An opportunity is here afforded to compare the costs of collecting county taxes under a centralized system with the costs under a decentralized system. Unfortunately, figures do not exist to show what exact part of the expenses of running the office of county treasurer is chargeable against tax collections and it is, therefore, necessary to compare the total cost of the treasurer's office in counties where such officer collects county taxes, with the commissions paid for the collection of county taxes in counties having local county collectors.

Table 28 makes such a comparison for 4 of the above named 10 counties for which reliable information is available. Column 3 shows the total cost of operating the county treasurer's office, including the collection of all county taxes in the counties of Greene, Bucks, Beaver, and Washington. Column 4 shows the commissions paid for the collection of county taxes in certain counties where such taxes are not collected through the office of county treasurer. Column 5 shows the cost of operating the office of county treasurer in the counties where county taxes are not collected through such office, but data on this point could not be obtained for all the counties covered in the table. There is a belief held by many people that taxes cannot be as efficiently collected under a centralized system as under a decentralized one. The data contained in Column 6 of the table throws some light on that question.

The advantages of a centralized collection of local taxes is well illustrated by many of the comparisons contained in this table. For instance, Greene County collected $512,791 in county taxes and met all expenses of the office of the county treasurer for the sum of $8,508, whereas, Crawford County spent $14,005 in commissions to collect $468,739 in county taxes and had the expense of the county treasurer's office to meet as well. At the same time, the school authorities in Greene County paid $14,615 in fees alone to local collectors in order to receive $665,130 in school taxes and penalties.

McKean County spent $8,651 in commissions for the collecting of only $168,680, and Venango County paid $16,754 to collect $391,547, and both counties had the additional expense of running the county treasurers' offices. Beaver County collected $942,875 at a cost of

TABLE 28.

COMPARISON OF THE COST AND EFFICIENCY OF COLLECTING COUNTY TAXES IN THE COUNTIES OF GREENE, BUCKS, BEAVER, AND WASHINGTON THROUGH THE OFFICE OF THE COUNTY TREASURER—WITH TWENTY COUNTIES WHERE SUCH TAXES ARE COLLECTED THROUGH LOCAL COLLECTORS.

County	Population in 1930 (1)	County taxes and penalties collected in 1928 * (2)	Total cost of County Treasurer's Office, including collection of all county taxes 1928 ** (3)	Commissions paid for the collection of county taxes 1928 * (4)	Cost of operating County Treasurer's Office for 1928 *** (5)	Percentage for 1928 county taxes delinquent December 31, 1928 * (6)
Greene	41,767	$512,791	$8,508	----------	----------	3.5
Crawford	62,980	468,739	----------	$14,005	Not known	0.0[1]
Cumberland	68,236	221,287	----------	6,524	" "	18.9
Franklin	65,010	338,794	----------	8,511	" "	16.0
Indiana	75,395	322,687	----------	8,224	" "	20.0
Lebanon	67,103	219,579	----------	7,628	" "	9.2
McKean	55,167	168,680	----------	8,651	" "	4.9
Venango	63,226	391,547	----------	16,754	" "	6.5
Bucks	96,727	461,236[2]	13,600[3]	----------	----------	1.3
Blair	139,840	433,921	----------	12,357	$8,945 (1927)	42.1
Lancaster	196,882	523,172	----------	12,316	Not known	12.1
Lycoming	93,421	429,325	----------	13,203	" "	5.5
Beaver	149,062	942,875	23,576	----------	----------	11.7
Berks	231,717	887,918	----------	22,367	Not known	21.6
Dauphin	165,231	837,142	----------	21,874	$8,427 (1927)	13.5
Erie	175,277	908,764	----------	25,574	11,701	0.0[1]
Northampton	169,304	906,759	----------	28,529	13,472	26.3
York	167,135	854,637	----------	26,365	8,500 in salaries only	7.2
Washington	204,802	1,456,344	29,743[4]	----------	----------	3.9
Cambria	203,146	1,505,484	----------	38,275	Not known	13.9
Delaware	280,264	1,037,417	----------	52,220	" "	14.6
Fayette	198,542	1,323,272	----------	33,085	$11,317 (1927)	19.6
Lackawanna	310,397	1,320,552	----------	55,319	14,840 in salaries only	70.6[5]
Westmoreland	295,795	1,487,951	----------	36,272	11,802 (1927)	13.0

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* Information secured from Department of Internal Affairs, Harrisburg.

** Information secured from County Controllers' Reports, correspondence, and personal interviews.

*** Information secured from County Controllers' Reports.

[1] All county taxes either collected, exonerated, or charged to the collector.

[2] Figures are for the year 1927.

[3] Based partly on figures for 1928.

[4] Based partly on figures for 1929.

[5] Due in part to the fact that collections started late in the year.

$23,576, which included all expenses connected with the office of county treasurer, while Northampton County paid out $28,529 in fees to collect $906,759, and the expenses of the county treasurer's office cost an additional $13,472. In the same year the school districts in Beaver County paid $63,895 in commissions alone to local collectors for the collection of $2,378,669 in school taxes.

In Washington County the total cost of operating the office of county treasurer and collecting all county taxes was $29,743, and in 1928 the office collected $1,456,344 in county taxes. On the other hand, Delaware County collected only $1,037,417 and paid $52,220 to local collectors in fees and then had the expense of the county treasurer's office to meet. Worse still is the case of Lackawanna County where commissions paid collectors amounted to $55,319 for the collecting of $1,320,552 in county taxes and the county spent an additional $14,840 in the county treasurer's office for salaries alone. A study of the table will show other striking comparisons.

In addition to the 4 counties of Greene, Bucks, Beaver, and Washington contained in Table 28, the 3 counties of Bedford, Fulton, and Huntingdon also collected county taxes through the office of the county treasurer and in doing so saved the taxpayer a considerable sum of money. The same may be true for Allegheny and Chester Counties but no reference is made to them since reliable information concerning the cost of the treasurer's office could not be obtained.

As to the efficiency of collections based on the percentage of taxes left uncollected at the end of the tax year, the table shows that the advantage in nearly every case is with the centralized system and not with the system of local collectors paid on a commission basis.

Contrast the 3.5 per cent of delinquency in Greene County with the 16, 18 and 20 per cent delinquencies in Cumberland, Franklin, and Indiana Counties respectively. Compare the 1.3 per cent of delinquency in Bucks County with the 42.1 per cent in Blair Caunty, and 12.1 per cent in Lancaster County. Consider the 3.9 per cent delinquency in Washington County in comparison to the 13.9 in Cambria, 14.6 in Delaware, 19.6 in Fayette, and 13.0 in Westmoreland Counties.

There are other counties not included in Table 28 where large sums were paid in 1928 to local collectors for the collection of county taxes. Among them are the following:

County	Taxes and penalties collected.	Commissions paid.
Lehigh	$817,257	$16,504
Luzerne	3,140,146	94,024
Mercer	636,372	17,118
Montgomery	1,826,775	35,006
Schuylkill	946,094	22,275

In spite of the economy and efficiency resulting from the collection of county taxes through the office of the county treasurer the present tendency is toward decentralization and not centralization. Not many years ago as many as 20 counties collected their local revenue through the one office, while today only 10 are doing so. One by one 10 counties have gone back to the costly and inefficient method of collecting taxes by means of local collectors in each municipality in the county.

In 1921 Montgomery County went back to the old method; in 1925, Cumberland; in 1927, Cambria and Indiana; and in 1931, Bucks. The influence and power of the Pennsylvania Tax Collectors' Association has had much to do in bringing about these changes. Every time such a change is made the local collectors benefit by having more taxes to collect on a commission basis. As a rule, the county treasurer affected does not object since he receives his regular salary regardless of the change and is released from the work involved in the collection of county taxes. In fact every one concerned is benefited by going back to the decentralized system, except the taxpayer who is compelled to pay more to have his taxes collected.

Commissions Paid to Tax Collectors in Certain Boroughs and Townships.

The enormous fees paid to the regular tax collectors in many of the boroughs and townships of the State, taken together with the unusually high costs in many of the third class cities, go far to explain how local taxing districts spent $5,112,029 in salaries and commissions alone to collect their taxes for the year 1928. In many instances the commissions paid to borough and township collectors far exceed those paid in cities having twice the population and from two to three times as much local revenue to raise.

In order to appreciate the extent to which local collectors are paid sums which not only exceed by far the salaries of the highest paid local and county officials, but compare favorably with the salaries received by State judges, cabinet officers, and even the Governor of the State, it is necessary to show specifically what some collectors are receiving. It is not enough merely to say that some receive 2 per cent; others 3 to 5 per cent. If the amount of money to be collected is small and the taxpayers scattered over a large territory, a 5 per cent commission might not be enough to adequately compensate the collector for the work entailed. On the other hand, if the tax duplicate is fairly large, a commission of 1 per cent may result in the collector's being paid out of all proportion to the services rendered.

Table 29 shows some of the boroughs and townships in the State where exceedingly large commissions are paid to local collectors.

TABLE 29.

TOTAL AMOUNT OF TAXES AND PENALTIES COLLECTED IN 1928, TOGETHER WITH THE COMMISSIONS PAID FOR SUCH COLLECTIONS IN EIGHTY-ONE BOROUGHS AND TOWNSHIPS.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

Borough or Township	County	Total taxes & penalties collected in 1928	Commissions paid in 1928
Beaver Borough	Beaver	$ 206,109	$ 5,555
Beaver Falls Borough	Beaver	379,194	9,154
Logan Township	Blair	358,756	10,502
Treddyffin Township	Chester	181,043	5,067
Clearfield Borough	Clearfield	262,635	8,223
Conyngham Township	Columbia	136,706	6,251
Carlisle Borough	Cumberland	288,780	9,677
Steelton Borough	Dauphin	432,670	10,908
Darby Borough	Delaware	230,982	7,240
Eddystone Borough	Delaware	147,859	6,865
Lansdowne Borough	Delaware	320,806	12,266
Marcus Hook Borough	Delaware	151,411	7,213
Haverford Township	Delaware	803,636	18,894
Radnor Township	Delaware	609,254	18,039
Ridley Park Township	Delaware	195,427	7,661
Springfield Township	Delaware	195,199	9,012
Tinicum Township	Delaware	116,519	5,819
Upper Darby Township	Delaware	1,571,882	32,876
Georges Township	Fayette	281,392	6,936
German Township	Fayette	399,845	8,756
Luzerne Township	Fayette	428,058	10,740
North Union Township	Fayette	329,375	8,718
Redstone Township	Fayette	462,590	10,576
Chambersburg Borough	Franklin	295,521	7,945
Waynesboro Borough	Franklin	251,542	6,269
Blakely Borough	Lackawanna	143,743	6,899
Olyphant Borough	Lackawanna	398,386	18,263
Dunmore Borough	Lackawanna	547,754	21,259
Archiball Borough	Lackawanna	377,196	12,861
Dickson City Borough	Lackawanna	293,515	14,381

TOTAL AMOUNT OF TAXES AND PENALTIES ETC.—(Continued).

Borough or Township	County	Total taxes & penalties collected in 1928	Commissions paid in 1928
Old Forge Borough	Lackawanna	271,356	10,599
Taylor Borough	Lackawanna	389,178	9,387
Throop Borough	Lackawanna	284,827	11,212
Fell Township	Lackawanna	159,895	5,491
Salisburg Township	Lehigh	115,903	5,315
Whitehall Township	Lehigh	240,100	8,016
Ashley Borough	Luzerne	298,846	9,587
Edwardsville Borough	Luzerne	265,029	13,935
Freeland Borough	Luzerne	167,148	6,353
Larksville Borough	Luzerne	432,019	9,057
Plymouth Borough	Luzerne	400,147	11,305
Swoyersville Borough	Luzerne	204,350	9,555
Hanover Township	Luzerne	1,480,707	36,813
Newport Township	Luzerne	856,446	25,355
Plains Township	Luzerne	508,022	17,038
Plymouth Township	Luzerne	155,054	6,041
Wilkes-Barre Township	Luzerne	393,259	9,976
Kane Borough	McKean	190,248	4,687
Greenville Borough	Mercer	300,643	8,552
Grove City Borough	Mercer	220,134	7,545
Sharpsville Borough	Mercer	151,011	3,950
Lewistown Borough	Mifflin	290,525	7,389
Norristown Borough	Montgomery	970,532	17,746
Cheltenham Township	Montgomery	1,014,318	16,662
Lower Merion Township	Montgomery	2,646,562	22,755
Sprinfield Township	Montgomery	246,543	6,300
Northampton Borough	Northampton	274,361	6,544
Wilson Borough	Northampton	248,829	7,306
Milton Borough	Northumberland	222,666	6,598
Mt. Carmel Borough	Northumberland	258,171	7,320
Shamokin Borough	Northumberland	424,423	10,710
Coal Township	Northumberland	605,850	16,306
Mt. Carmel Township	Northumberland	354,760	10,912
Mahoney City Borough	Schuylkill	282,276	6,281
Minersville Borough	Schuylkill	186,069	5,488
Shenandoah Borough	Schuylkill	408,454	17,733
Butler Township	Schuylkill	128,567	4,276

TOTAL AMOUNT OF TAXES AND PENALTIES ETC.—(Concluded).

Borough or Township	County	Total taxes & penalties collected in 1928	Commissions paid in 1928
Branch Township	Schuylkill	98,119	4,026
Cass Township	Schuylkill	183,253	5,661
Mahoney Township	Schuylkill	343,145	9,395
Norwegian Township	Schuylkill	81,682	3,485
Schuylkill Township	Schuylkill	124,937	5,521
Cannonsburg Borough	Washington	266,430	6,051
Charleroi Borough	Washington	277,410	5,026
Donora Borough	Washington	390,332	8,614
Arnold Borough	Westmoreland	234,514	6,710
Jeannette Borough	Westmoreland	430,773	8,611
New Kensington Borough	Westmoreland	404,845	8,644
Derry Township	Westmoreland	207,473	5,549
Hempfield Township	Westmoreland	384,472	8,646
Sewickley Township	Westmoreland	221,670	5,986

What an imposing list of commissions! Moreover, Table 29 does not by any means include all the boroughs and townships where the collectors are paid large sums, since only the most extreme cases are included. It will be observed that in each of the counties of Delaware, Fayette, Lackawanna, Luzerne, Northumberland, and Schuylkill there are several high priced collectors and, on the average, their commissions are much higher than those shown for other counties.

Imagine paying a tax collector $13,935 for collecting $265,029, as was done in Edwardsville Borough in Luzerne County, or $5,819 for collecting $116,519, as was done in Tinicum Township in Delaware County! It is hardly necessary to point out particular cases since all shown here are, in a sense, extreme, still, the reader's attention is especially called to the following boroughs and townships where scandalously high commissions are allowed: Conyngham Township in Columbia County; Eddystone and Marcus Hook Boroughs and Ridley Park and Springfield Townships in Delaware County; Blakely, Olyphant, and Dickson City Boroughs in Lackawanna County; Salisburg Township in Lehigh County; Freeland and Swoyersville Boroughs and Plymouth Township in Luzerne County; Coal and Mt. Carmel Township in Northumberland County; and Shenandoah Borough and Schuylkill Township in Schuylkill County.

An interesting comparison can be made from the data presented in Table 29 of two adjoining first class townships—Upper Darby in

Delaware County, and Lower Merion in Montgomery County. In 1928 the Township Treasurer in Upper Darby received $32,876 for collecting $1,571,882 in local taxes, while the Treasurer of Lower Merion Township received only $22,755 for collecting $2,646,562.

Both sums are outrageously high, especially in view of the fact that these officials receive extra compensation for their services as Township Treasurer; but why should the taxpayers of Upper Darby pay their collector $10,000 more for collecting $1,000,000 less in taxes? Part of the blame here rests on the Upper Darby School Board. In 1928 the school board paid the Township Treasurer a salary of $7,500 for collecting $841,650 in school taxes and penalties, while the Lower Merion School Board paid only $4,707 for the collecting of $1,082,597. Upper Darby, however, is not the only one of the large first class townships to pay exorbitant fees. Hanover Township in Luzerne County paid its Treasurer $36,813 for collecting only $1,480,707.

So far as first class townships and boroughs are concerned, the local authorities are absolutely and entirely to blame for the high commissions allowed. Under the law it is within their discretion to fix the fee paid, at anything within reason, below the maximum allowed by law. The commission rate once fixed, however, cannot be increased or decreased during the collector's four-year term in office.

The provision in the new Township Code which limits the compensation of the township treasurer as collector of township taxes to $10,000 does not prevent the school, county, and poor authorities from paying him anything up to 5 per cent for collecting taxes levied by them and, in fact, the school board is not even limited to 5 per cent in fixing the rate on school taxes.

It must be borne in mind in considering these large fees that the collectors are required to pay at least a part of the expenses involved in conducting their offices. While many of the taxing districts pay for postage, supplies, premiums on bonds, etc., a majority of the collectors must pay personally for the necessary clerical assistance. It often happens, too, that a collector is compelled by the political organization which elected him, to employ one or more full-time assistants when, as a matter of fact, he could do all the work himself. In some boroughs and townships more clerks and assistants are employed than are found in some third class cities with six times the amount of money to collect. Very frequently the collector does not want these assistants since they cut down his total net earnings, but he has no choice in the matter.

Collectors who give their full time and attention to the collection of amounts which total less than $250,000 should hardly find it necessary to employ any full-time assistants. Even in those cases where a full-time employee is found necessary he is frequently paid no more than $1,200 per year and this constitutes only a small part of what the regular collector receives in commissions. Moreover, in a large number of cases the collector carries on his private business as insurance agent, real estate broker, bank cashier, merchant, or undertaker, and employs one or two assistants at $1,000 a year each who actually attend to the work of collecting taxes.

COMMISSIONS PAID TO TAX COLLECTORS BY SOME SCHOOL DISTRICTS LOCATED IN BOROUGHS AND TOWNSHIPS.

In some of the boroughs and townships shown in Table 29 the total commissions paid were high because all of the taxing districts allowed a high fee. In others the total commissions were high because some one or two of the taxing districts paid the collector the maximum fee allowed by law. Sometimes it is the county authorities who pay the highest fee; sometimes the borough, township, or school authorities.

In a majority of the cases presented in Table 29 the fee, commission, or salary allowed by the school board was responsible for the excessive total cost. Table 30 shows the total amount of school taxes and penalties collected in 1928, together with the commissions paid for such collections, in 55 school districts located in boroughs and townships. Some of the school districts, for which figures are presented here, are located in the boroughs and townships shown in Table 29, while many others are located in municipalities of the same type but not included in Table 29. The location of the school district is omitted from the table.

Table 30 contains many of the extreme cases, but the list could be made four or five times as long if space permitted. Sufficient data are presented, however, to show two things: First, that the school authorities in many boroughs and townships pay exorbitant commissions to local tax collectors; second, that there is an absolute lack of uniformity among the various school districts in the commissions paid for the collection of the same amount of taxes.

It is almost unbelievable that a board of school directors would pay $5,019 for the collection of only $84,134 in school taxes, or $13,937 for the collection of $278,737. The first is at the rate of 6 per cent; the second 5 per cent, and yet one school board paid $3,714 to collect $45,573, or at the rate of 8.1 per cent, while another paid $24,999 for the collection of $481,137, which is 5.2 per cent of the amount collected. One school district paid $3,957 for the collection of $181,634, while another district paid $3,934 for the collection of $78,688, or half that amount.

One tax collector received $9,823 for collecting $441,126 in school taxes, while another collector received $24,999 for collecting $481,137. The second collector received $15,000 more in commissions than the first

TABLE 30.

COMMISSIONS PAID IN 1928 FOR THE COLLECTION OF SCHOOL TAXES IN FIFTY-FIVE SCHOOL DISTRICTS LOCATED IN BOROUGHS AND TOWNSHIPS.

(Prepared from data obtained from Department of Internal Affairs, Harrisburg)

School taxes and penalties collected in 1928	Commissions paid in 1928	School taxes and penalties collected in 1928	Commissions paid in 1928
$ 45,573	$ 3,714	$ 114,647	$ 5,349
55,836	2,742	116,433	5,630
57,785	2,889	116,984	3,311
59,620	3,072	131,907	4,332
62,084	3,024	132,283	5,953
62,276	3,214	132,916	4,007
65,767	3,208	137,544	7,389
72,711	3,601	150,596	5,257
74,841	4,273	155,085	8,028
74,860	3,769	156,757	3,991
75,513	3,493	164,535	5,731
78,196	3,910	171,535	5,146
78,688	3,934	178,051	5,282
82,566	4,174	181,634	3,957
84,134	5,019	186,065	5,872
85,961	4,270	210,355	7,205
86,945	4,147	211,583	7,850
87,045	4,326	215,789	6,332
93,137	3,726	224,308	11,600
94,261	4,713	239,616	7,537
96,543	3,058	256,392	7,870
97,231	3,111	272,792	6,245
99,331	4,710	278,737	13,937
102,284	2,500	280,480	8,052
103,931	5,197	336,237	16,879
109,871	5,454	441,126	9,823
110,050	4,573	481,137	24,999
113,426	5,443		

collector and for the additional $15,000 in commissions he collected but $40,000 more in taxes.

In many of the school districts reported in Table 30 the commissions paid exceeded 5 per cent of the taxes and penalties collected. These commissions are legal, although they do exceed 5 per cent, since the law applying to the collection of school taxes permits the school board to fix the compensation of the tax collector at any figure within its discretion.[34] The school board also has the legal right to increase or decrease from year to year the compensation allowed a tax collector. It is not bound, as are the other tax levying authorities in the State, to maintain the same basis of pay during the collector's four-year term.[35]

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[34] The two first class school districts in Philadelphia and Pittsburgh excepted. See Section 554, Act of May 18, 1911, P. L. 309.

While the school board has the right to fix the collector's compensation it may, nevertheless, be called to account by the court if there is a clear abuse of discretion. In the case of *Mason v. Hanover Township School District* a taxpayer sought, by means of an injunction, to restrain the board of school directors from paying the tax collector a commission of 5 per cent.[36] It appeared at the trial of the case that there was $121,263 in taxes to be collected and that the school board had agreed to pay the tax collector a commission of 5 per cent on the amount collected. At this rate he was entitled to receive as compensation for his services the sum of $5,884. It further appeared that $114,721 had been collected prior to the penalty period and without any special effort on the part of the collector. The trial court decided that a commission of 5 per cent was "grossly excessive" and enjoined the school authorities from paying more than 2 per cent on the taxes collected before the penalty period and 10 per cent on those collected thereafter.

The school board appealed the case to the Pennsylvania Supreme Court contending that Section 554 of the School Code gave it the absolute and unrestricted right to fix the compensation of the tax collector. The Supreme Court in upholding every finding of fact of the court below said:

> " . . . it is apparent that there must be somewhere a line of demarcation between the exercise of reasonable official discretion in fixing compensation upon the one hand, and a clear abuse of that discretion, and the unreasonable performance of duty, upon the other. No specific rate of compensation is fixed by law. It contemplates the exercise of reasonable discretion by the school board, in the interest of the public.'"[37]

Again the court said:

> "Our examination of the evidence has satisfied us that the conclusions reached, and thus stated by the court below, are amply justified, and that the amount of compensation which the school board attempted to allow the tax collector was out of all reasonable proportion to the services rendered."[38]

If the trial court and the Supreme Court were right in considering a commission of 5 per cent as grossly excessive in the above case, what can be said of the commissions allowed in the 55 school districts presented in Table 30? In many of these cases the fees paid to the collectors amounted to from 6 to 8 per cent of the taxes collected, and these are only a few of such cases to be found all over the State.

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[35] *Folk v. Mt. Penn Borough School District.* 30 Pa. District Reports 591, 1921.

[36] 242 Pa. 359 (1913-1914). See also *Commonwealth v. Chambersburg School District.* 30 Pa. District Reports 776, 1921.

[37] *Ibid.*, p. 363.

[38] *Ibid.*, p. 364.

The extent to which some school boards go in allowing exorbitant fees is well illustrated by a case carried to the courts of Schuylkill County in 1926.[39] The Board of School Directors in West Mahoney Township fixed the commission of the tax collector at 5 per cent. At this rate the collector was to receive $7,740 for the collection of $154,814. One taxpayer, the Girard Estate, paid $121,498 of this amount by check. For opening one envelope and endorsing one check over to the school treasurer, the tax collector was to receive the sum of $6,074.90! The collector and the school board refused to do anything about it. Such rate of commission, they contended had been allowed the tax collector for seven years. The Girard Estate, however, and 8 other taxpayers who also paid their taxes by mailing checks, the total of all 9 checks amounting to $142,525, or 89 per cent of all the school taxes levied in the school district, petitioned the local court to reduce the collector's commission to 1 per cent.

The court found that the 5 per cent commission allowed by the school board was excessive and altogether unreasonable and reduced it to 2.5 per cent on taxes collected before the penalty period, and 5 per cent thereafter. While the court's decision saved the taxpayer $3,870, it allowd an equal amount to go to the tax collector, which was still excessive when it is remembered that he only had $12,000 to collect after 9 of the taxpayers had mailed in their checks. In addition he received nearly $2,000 in the same year for collecting other local taxes. This is, of course, an extreme case but there are many others nearly as bad, and hundreds that would not pass unchanged if carried to a court of equity. The two cases just cited give some idea of the saving that could be effected even under the present highly decentralized system of collecting taxes on a commission basis.[40]

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[39] Facts taken from the 1926 November issue of the *Pennsylvania Bulletin* published by the Pennsylvania League of Women Voters, pp. 3-4.

[40] A study made at the University of Minnesota in 1925 reveals the fact that school taxes in Minnesota are collected under a centralized system at about one-fourth the cost incurred in the boroughs and townships in Pennsylvania. See Tables VIII and IX on p. 11 of Volume XXIX No. 4, *Bulletin of The University of Minnesota, College of Education*, published January 27, 1926.

Studies made in 1924-1925 by committees appointed by Governor Pinchot to study various phases of education in Pennsylvania show that school taxes are collected in the State of Maryland for about one-third the cost involved in Pennsylvania. Maryland, like Minnesota, has the county unit plan for tax collection. See pp. 47-54 and 111-113 *Educational Surveys*, published by the State of Pennsylvania 1925-1926.

Mr .Samuel Crowther writing in the May 1932 issue of the *Ladies' Home Journal* quotes the Honorable Frank O. Lowden, former governor of Illinois as follows:

''In Illinois we formerly had town collectors of taxes. These officials did little or nothing and were rewarded with 2 per cent upon the taxes paid. During my service as governor of the state we abolished these township collectors. The result

There are also many boroughs and townships wherein the county and poor authorities pay the maximum commission of 5 per cent allowed by law for the collection of county and poor taxes and without giving much consideration, if any, to the amount of taxes to be collected. In a few cases the borough or township authorities likewise allow the maximum fee but, with the exception of several of the first class townships, such fee is not allowed in many cases where there is more than $50,000 to be collected.

SUMMARY.

An attempt to ascertain the cost of any phase of local government is beset with many difficulties, the principal one of which is the lack of complete and dependable information. The work of collecting taxes is no exception. Only the cost represented by salaries and commissions paid to the collectors is now known with any degree of certainty.

Data presented in this chapter pertaining to the compensation paid to tax collectors show that the cost of collecting local taxes in Pennsylvania is extremely high. This is due, principally, to two things: First, the fact that there are over twenty-five hundred political subdivisions in the State, each with at least one, if not two, tax collectors, with separate offices, etc.; second, the fact that nearly all of these collectors are paid on a fee or commission basis. Because of this extreme decentralization and the fact that collectors are paid a percentage of what they collect, the people of the State of Pennsylvania pay from four to five times as much for the collection of local taxes as the people of the State of Ohio, where such taxes are collected at one central point in each county by officers compensated solely on a salary basis. Many other states have a system similar to the one in use in Ohio.

In hundreds of taxing districts in the State of Pennsylvania there is no reasonable relation between the amount of money collected and the fee allowed to the collector for his services. This is especially true in regard to the collection of county taxes in many of the third class cities, and equally true as to school taxes in several hundred school districts.

There is also very frequently a total lack of uniformity in the rate of compensation allowed by the various taxing districts within the same municipality. In some places collectors with small tax duplicates do not receive enough from the fee allowed to adequately compensate them for their trouble. On the other hand, many local authorities,

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has been a direct saving to the state of more than two million dollars annually, with the taxes collected more efficiently than before by the county officials. Competent authority estimates that the indirect saving has been in excess of this two million dollars.''

particularly in boroughs and townships, insist on paying the maximum commission allowed by law without taking into consideration the fact that a large sum of money is to be collected and that the collector is also being compensated by other taxing districts within the same municipality for collecting taxes from the same taxpayers and, frequently two or more kinds of taxes are collected at the same time.

The employment of unnecessary clerks and assistants due to political pressure on the tax collectors also helps to explain the excessive costs placed on the local taxpayer. Too, in many cases the requirement of bonds in an amount equal to the face of the tax duplicate unnecessarily adds to the expense of the tax office. Furthermore, the appointment in some places of special delinquent tax collectors compensated with commissions ranging from 10 to 20 per cent of the amount collected runs the total cost involved to a sum entirely beyond reason.

Although the majority of taxing districts pay excessive fees in order to secure their revenue, there are several places in the State where the authorities in charge are sufficiently interested in the welfare of the taxpayer to insist upon economical tax collections. Especially have the school authorities in many of the third class cities recently placed the collector of school taxes on a salary basis or reduced his commissions so that he receives only a reasonable return for his services. In addition there are 10 counties where county taxes at the present time are very efficiently and conveniently collected by the county treasurer at a most reasonable cost.

There is a sufficient number of places in the State where taxes are now collected economically to prove that from two to three million dollars could easily be saved annually in commissions paid to tax collectors alone, if the work involved was more centralized and the necessary collectors and assistants paid salaries commensurate with the services rendered.

CHAPTER VII

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CHAPTER VII

RECENT ATTEMPTS TO CHANGE THE SYSTEM OF COLLECTING LOCAL TAXES IN PENNSYLVANIA

EFFORTS MADE BETWEEN 1920 AND 1925 TO CENTRALIZE THE COLLECTION OF LOCAL TAXES.

Prior to 1920 very little attention was given to the problem of collecting local taxes in Pennsylvania. While every Legislature for the past one hundred years enacted laws referring in one way or another to the tax collector, or his methods, nevertheless, the old law of April 15, 1834,[1] revised and amended time after time, remained in 1920 the only piece of legislation which attempted to provide anything like a complete system for the collection of local revenue. By 1920 the Act of 1834 had been patched so many times in so many places that it had been aptly referred to by a member of the Legislature as more closely resembling a ''crazy quilt like grandmother used to make'' than a body of laws intended to provide a method of collecting the revenue necessary to operate the local government of nearly nine million people.

In April, 1920, Governor William C. Sproul, acting under authority granted him by the Legislature in 1919, appointed a commission of five men known as ''The Tax Law Revision Commission.'' The Commission was authorized ''to revise, amend, consolidate, and simplify the laws relative to the assessment, levy, and collection of taxes for county, city, borough, township, school, and poor purposes.''[2] After holding meetings in several parts of the State, at which time hundreds of business men and local officials were privileged to present their views, the Commission submitted its findings to the Legislature in January 1921.

The report made by the Commission pointed out among other things that the highly decentralized system of collecting local taxes was considered by many people as both expensive and inconvenient for the taxpayer. Included in the report was a proposed law intended to remedy the situation by abolishing all local tax collectors and designating the county treasurer as the only collector of local taxes in each county.[3]

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[1] Act of April 15, 1834, P. L. 509.

[2] Section 3, Act of July 18, 1919. Appropriations Acts, p. 229.

[3] *Report of the Tax Law Revision Commission,* 1921, p. 8.

On February 8, 1921, Representative John G. Marshall, a member of the Tax Law Revision Commission, introduced the proposed bill in the House of Representatives.[4] On February 15, the bill was referred to the Committee on Judiciary Local where it reposed during the remainder of the session. The recommendations made by the Committee appointed by Governor Sproul, on authority of the Legislature of 1919, were not even seriously considered.

The work of the Tax Law Revision Commission was not in vain regardless of the fact that the bill it sponsored did not reach a vote on the floor of the House. The proposed law caught the attention of several business and civic organizations which gradually interested their members in its main features.[5] Furthermore, public spirited citizens in certain parts of the State took up the fight in the hope of reducing the rapidly mounting cost of local government. Interest was added by the appearance of an opposition, let almost entirely by local assessors and tax collectors, together with local political leaders.

On March 21, 1923, State Representative Benjamin H. Ludlow introduced a bill[6] in the House of Representatives containing substantially the provisions of the Marshall bill of 1921. This bill, like its predecessor, was referred to the Committee on Judiciary Local but met with better success, being reported out of the Committee and voted on by the House of Representatives with the result that it was defeated by a vote of 24 in favor and 136 opposed.

Representative Ludlow, who stepfathered the bill through the 1923 Legislature, was not discouraged by its defeat by a vote of more than five to one. Realizing that the principles for which he stood and the proposals contained in his bill were slowly but surely gaining the attention and interest of the taxpayers of the State he decided to carry the fight to the next Legislature. Between 1923 and 1925 he made speeches and published statements at every opportunity in an attempt to convince the people of the need for a more centralized system of assessing property and collecting local taxes which would be both economical in effect and simple and convenient in operation.

The Pennsylvania State Chamber of Commerce at its annual meeting in 1924 again adopted a resolution calling for the adoption of a law which would bring more business and less politics into the administration of local government, especially concerning matters of local taxation. The Pennsylvania League of Women Voters increased its interest in the proposed legislation and newspapers throughout the State carried editorials commenting favorably on the enactment of some law which would contain substantially the main provisions of the Marshall-Ludlow bills.

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[4] File of the House of Representatives No. 420, Session of 1921.

[5] For instance, at the 1922 annual meeting of the Pennsylvania State Chamber of Commerce, the following resolution on local tax administration was adopted:

"Whereas, The report of the Tax Law Revision Commission discloses great inequalities in local assessment, as well as excessive costs and inconvenience in the collection of local taxes; therefore be it

"Resolved, That the Pennsylvania State Chamber of Commerce urge the adoption of suitable legislation to provide a more exact and uniform basis for local assessments and greater economy and convenience in the collection of local taxes."

[6] File of the House of Representatives No. 940, Session of 1923.

In addition to the support referred to, the bills acquired a new friend in the Pennsylvania Tax Commission. The Legislature of 1923 refused to enact the Ludlow bill, but it passed a joint resolution creating a State Tax Commission for the Commonwealth of Pennsylvania.

This Commission, headed by the Honorable Franklin S. Edmonds, of Philadelphia, after making an intensive study of taxation in the State, both as to State and local taxes, made a report to the Legislature in which it referred to the report of the Tax Law Revision Commission of 1921 in the following manner[7]:

> "Wherever the Commission has taken testimony, it has found a keen interest in the provisions of this report. While the bills, which were drafted to make effective the report of the Sproul Commission, have thus far failed of enactment, it is believed that this has been, in a large measure, due to the organized opposition of local assessors and collectors, who feel that in some way their positions and emoluments are threatened by the proposed Act. The Commission has no hesitation in expressing its complete lack of sympathy with this point of view. It has examined the provisions of the Marshall bill, introduced at the Session of 1921, and the Ludlow bill, introduced at the Session of 1923, and has little hesitation in declaring that they would provide an urgently needed reform, although it is probable that in sparsely settled districts the resulting economies may not be as great as anticipated. The Commission, therefore, recommends the enactment of a law embodying the principles set forth in the report of the Sproul Commission."

On February 10, 1925, Representative Ludlow again introduced in the House of Representatives the bill[8] which had been prepared by the Tax Law Revision Commission appointed in 1920. For the second time modifications were made in the proposed law in order to meet certain objections raised by the opposition. The changes made were not satisfactory to the assessors and tax collectors and their political backers and the bill was again defeated when brought before the House by a vote of 29 to 170—a worse defeat than it suffered in 1923, and this in spite of the fact that public sentiment had appeared to be in its favor.

Charges were made that the bill failed to pass in both the 1923 and 1925 Sessions of the Legislature because of the sinister influence of a well organized lobby of assessors and tax collectors. Whether these charges were true or not the proponents of the bill decided on a campaign of education. Its defeat in 1925 was accepted by its friends as a challenge to a real fight in 1927.

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[7] *Report of the Tax Commission of the Commonwealth of Pennsylvania*, p. 27.

[8] File of the House of Representatives, No. 710, Session 1925.

Between 1925 and 1927 three agencies—the Pennsylvania League of Women Voters, the Pennsylvania State Chamber of Commerce, and the Pennsylvania Tax Commission[9] sought to ascertain certain facts relating to local tax collection—especially the cost involved, and to bring these facts to the attention of the taxpayer and voter in the hope that public opinion would make itself felt at Harrisburg in 1927. The activities of each of these three organizations to bring about the adoption of a new tax collection law are briefly discussed at this time.

EFFORTS MADE BETWEEN 1925 AND 1931 TO CENTRALIZE THE COLLECTION OF LOCAL TAXES.

Work of Pennsylvania League of Women Voters.

The Pennsylvania League of Women Voters, under the very able and aggressive leadership of its chairman, Mrs. John O. Miller, of Pittsburgh, early in the year 1925 launched a county by county fact-finding survey of assessment and collection costs of all local taxes. Four standard questionnaires were prepared and distributed to all county and local Leagues of Women Voters to be used by courageous and capable citizens willing to share in the work. Universities, Colleges, and Normal Schools, their faculties and graduate students were invited to share in the colossal undertaking of gathering, through personal interviews with local officials, data showing the amount of local taxes levied, number of collectors, commissions paid to collectors, etc.

From June 1925 to March 1927 the League through its official organ, ''The Pennsylvania Bulletin,'' published each month the reports of its tax survey workers, showing the large fees paid to local tax collectors. During this time the League asked the State Department of Internal Affairs to assist by collecting and publishing the official figures to show the amount of taxes levied, collected, commissions paid to collectors, etc.

This work was undertaken and was under the immediate supervision of James H. Craig, Deputy Secretary of Internal Affairs. Figures were soon gathered by the Department for the tax years 1923 and 1924. Using these figures, as well as those previously submitted by its own survey workers the League published numerous tables and charts showing the cost, county by county, of collecting local taxes.

Upon the basis of these figures the officials of the League estimated that the local subdivisions of the government could save from $3,000,000 to $5,000,000 annually by abolishing local tax collectors and putting in their place a single collector—the county treasurer.

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[9] Extended two years by the Legislature in 1925.

The League, in addition to securing figures from all over the State, endeavored to make the most of its opportunity by giving state wide publicity to the data obtained, and then ascertaining from candidates for office whether they would support a bill to change the existing system of collecting taxes. During the primary election campaign of 1926 it sent a questionnaire to each candidate for Governor containing the following question:

> "Will you, if elected Governor, actively support the passage of a bill which would effect genuine economy in the collection of local and county taxes and provide for a fairer system of assessing local and county property values?"[10]

Mr. John S. Fisher, the successful Republican candidate, under his own signature, answered, "yes," and in his Inaugural Address six months later said: "I repeat my former pledges ...... to reduce and systematize the cost of tax collection."[11]

While this fact-finding survey and educational campaign were being carried on by the League of Women Voters other important agencies were busy in the State, each striving to obtain the necessary facts in order to propose a remedy which would meet the approval of the Legislature. One of these agencies was the Pennsylvania State Chamber of Commerce.

WORK OF PENNSYLVANIA STATE CHAMBER OF COMMERCE.

On September 22, 1926, Mr. F. W. Walker, Vice President of the Pennsylvania State Chamber of Commerce and Chairman of the State Chamber's Local Tax Committee, presented a paper before the Committee entitled, "Local Tax Administration in Pennsylvania."[12] Mr. Walker's address reviewed the Marshall and Ludlow bills, pointed out the need for reform in tax collection legisation, and suggested further study by the Chamber's Committee on Local Taxation.

The Committee on Local Taxation, which consisted of the presidents of 112 member organizations located in 56 counties of the State, unanimously adopted a resolution calling on the State Chamber of Commerce to conduct a referendum of its entire membership on the principles of the Ludlow bill as presented in 1925.

The State Chamber of Commerce decided to prepare such a referendum in order to see what the business men of the State thought of the proposed law and what improvements, if any, could be suggested before it came up for vote again at the next session of the Legislature. A study committee was appointed consisting of members of local Chambers of Commerce scattered over the entire State.

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[10] *The Pennsylvania Bulletin*, June 1926, p. 8.

[11] *Ibid.*, February 1927, p. 1.

[12] Later printed and circulated by the Pennsylvania State Chamber of Commerce.

This study committee, in an attempt to obtain the facts and to hear both sides of the controversy, invited representatives from the following organizations to meet with it and take part in the discussion:

Pennsylvania Real Estate Association.
State Association of County Commissioners.
State Association of Boroughs.
Pennsylvania State Grange.
State Council of Agricultural Organizations.
League of Cities of the Third Class.

On January 26, 1927, the State Chamber of Commerce sent to each individual member a referendum containing alternative plans on both assessment and collection methods. Both of the proposed plans pertaining to tax collections contained the principal features of the Ludlow bill of 1925, the main difference between the two bills having to do with the scope or operation of the law; i. e., taxing districts to be covered.

The ballot submitted to each member contained, in addition to an explanation of the plans proposed, twenty some printed pages showing the cost of collecting local taxes under the present laws, and the possibility of a saving under the plans recommended.

When the ballots were returned and the replies tabulated, it was found that a majority of the members was in favor of the principal provisions embodied in the Marshall-Ludlow bills, and the State Chamber of Commerce officially lent its influence to the enactment of some tax collection law which would result in greater convenience and economy to the local taxpayer.

WORK OF THE PENNSYLVANIA TAX COMMISSION.

On January 20, 1927, the Pennsylvania Tax Commission made its final report to the General Assembly. For a period of four years the commissioners studied the problem of taxation, State and local. During the last two years they gave considerable time and thought to the problem of local tax collection.

In handing their recommendations to the Legislature of 1927 the commissioners said[13]:

> "No subject considered by the commission has aroused more universal interest than the assessment and collection of local taxes. In the administration of Governor Sproul, a commission was appointed on this subject whose findings were submitted to the Legislature in 1921, 1923, and 1925. As that Commission has expired, we have, after careful consideration, adopted some of its conclusions as our own and present its recommendation in modified form.........

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[13] *Final Report of the Pennsylvania Tax Commission*, 1927, pp. 21, 22.

> "The evils in the present system of assessment and collection of local taxes are as follows:
>
> (a) Wide variations in the ration of assessments to real value, sometimes within the same taxing district.
>
> (b) Consequent injustice in the burden of county taxes, which are based on local assessments.
>
> (c) Multiplicity of tax collectors, most of whom are paid by the commission system, whose income is increased with the increase in local taxes out of proportion to the value of their service.
>
> (d) Serious inconvenience to the taxpayer, caused by the multiplicity of tax bills and tax collections and different times and places of payment.
>
> "This system has developed in Pennsylvania in a haphazard fashion, without serious attention being given either to its operation or cost until this past decade. Any change has been opposed on the ground that to make the county the unit for assessment and collection would interfere with local self-government. Without challenging this sentiment, which to a degree is entirely commendable, the commission feels that those who defend the existing system are responsible for fastening upon the taxpayer a heavy burden of unnecessary costs by methods of assessments and collections which are uneconomical and unequitable."

Appropriate bills were proposed by the commission to effect the desired changes. These bills contained substantially the main provisions of the Ludlow bills of 1923 and 1925.

THE SCHANTZ BILL OF 1927.

For nearly two years the Pennsylvania League of Women Voters, the Pennsylvania State Chamber of Commerce, and the State Tax Commission exerted every effort to find the facts with which to prove the alleged evils of the collection system and on which to base proper remedial legislation. No stone was left unturned by those demanding a new system and a movement which had started seven years before, and which had gained new friends with every temporary setback, was at its peak when the 1927 session of the Legislature convened.

On February 1, 1927, Senator Horace W. Schantz introduced a bill[14] in the Senate which contained the principal provisions of the old Marshall-Ludlow bills with modifications containing concessions which the best minds of the interested organizations considered necessary to secure its passage. The Schantz bill divorced assessment problems from those of collection completely. Since most of the opposition had been aimed at the assessment features of the Marshall-Ludlow bills it was hoped that to separate the two problems would assure the passage of a law changing the method of collecting taxes, and that changes in assessment laws could be accomplished later.

MAIN PROVISIONS OF THE SCHANTZ BILL OF 1927. The bill introduced by Senator Schantz was very comprehensive in its nature and provided a complete system for the collection of local taxes in all the municipalities of the State to which it applied. Some of the more important provisions are summarized at this time.

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[14] File of the Senate, No. 178, Session of 1927.

The proposed Act is made to apply to all counties of the second to the eighth classes inclusive, and to all boroughs, towns, townships, school districts, and poor districts within such counties. Only cities are excluded from the operation of the law, but provision is made whereby any city of the second or third class may become subject to the Act by an ordinance duly passed.

In all the municipalities to which the Act applies it provides an *exclusive* method for the collection of *all* local taxes except as to the filing of tax liens in the office of the prothonotary.

The county treasurer is designated as county tax collector and is authorized to take over the work of collecting all local taxes as the terms of present local collectors expire. As tax collector he is required to furnish a suitable bond for the faithful performance of his duties.

The county treasurer, in addition to his regular salary and fees, is entitled to receive the following sum as county tax collector:

In counties of the second class, five thousand dollars	($5,000)
In counties of the third class, three thousand dollars	($3,000)
In counties of the fourth class, three thousand dollars	($3,000)
In counties of the fifth class, two thousand dollars	($2,000)
In counties of the sixth class, fifteen hundred dollars	($1,500)
In counties of the seventh class, one thousand dollars	($1,000)
In counties of the eighth class, five hundred dollars	($500)

Ample authority is given the new county tax collector to appoint all necessary clerks and assistants, but the required number and their compensation must be fixed by a salary board or by the county commissioners.

All costs involved, including salary of collector, clerks, etc., necessary supplies, stamps, etc. shall be paid as follows:

> "One-half of such entire cost and expense shall be paid by the county and the remaining one-half of such cost shall be paid by the several boroughs, towns, townships, school, and poor districts in the proportion that the valuation of the assessments of the particular district bears to the total valuation of all of said districts."

The county tax collector shall have authority to appoint any of his clerks or assistants as deputy tax collectors but without extra compensation, and he may designate banks or trust companies as deputy collectors but without compensation other than for expenses actually incurred.

All taxes are made payable in two equal installments, the first to fall due March 1 and to avoid penalty must be paid by May 1; the second, due August 1 and to avoid penalty must be paid October 1. Discounts are entirely abolished but delinquent taxes carry a penalty of 1 per cent a month from the first day of the penalty period.

All taxpayers are to receive written notice as to when their taxes are due, and where they may be paid, other than to the office of county treasurer, if such other place, or places, be provided by the tax collector. Taxes may be paid by registered mail, by money order, or by certified check.

So far as present assessment methods will permit, all taxes are to become due at one time and be listed on one tax bill.

The proposed law makes ample provision for the collection of delinquent taxes and authorizes the sale of personal property, the attachment of wages for the collection of personal taxes, the arrest of the delinquent, and the sale of the delinquent's real estate. The bill, however, goes no further in these respects than to codify the remedies now available to the tax collector.

The collector is required to make monthly reports in writing to the separate taxing districts and turn over all money collected at least once a month. Provision is also made for the proper audit of the collector's books.

Fate of Schantz Bill of 1927. The bill offered by Senator Schantz was immediately referred to the Senate Committee on New Counties and County Seats *from which it never emerged.*

In 1923, and again in 1925, the Ludlow bills had been discussed on the floor of the House and then defeated, but the Schantz bill, embodying the most important features of all previous tax collection proposals and sponsored by the Pennsylvania Tax Commission, the Pennsylvania State Chamber of Commerce, the Pennsylvania League of Women Voters, and the most influential newspapers throughout the State, never came up for a vote, and this in the first session of the Legislature under Governor Fisher who, in his Inaugural Address said: "I repeat my former pledges . . . . to reduce and systematize the cost of tax collection."

Why didn't the Schantz bill reach the voting stage in the Senate? Who objected to it and what were those objections?

The following organizations were opposed to the Marshall-Ludlow-Schantz bills:

The Pennsylvania Tax Collectors' Association.
The League of Cities of the Third Class.
The Association of Boroughs.

The Association of County Commissioners was more or less indifferent in regard to the matter, and many county treasurers were opposed to any change in the present system. In addition, all the assessors, tax collectors, their clerks, assistants, relatives, and friends; as well as a great majority of local political leaders, were not only opposed to the suggested changes but fought them in every conceivable way.

Several of the arguments made against the centralization of tax collection are presented at this time.[15]

1. One of the principal points stressed by the opponents of the Schantz bill was that centralized collection of taxes destroyed one of the fundamental principles of American government, to wit: *home rule.* Of course the answer to this objection is that the sacred principle of home rule, which is essential to local self-government, is not in the least interfered with by any of the proposed tax collection laws. The tax collector does not *represent* the people in the real sense of the word, he is merely an agent of the people to collect money in such sums and under such conditions as the real representatives of the people have decided. The local authorities (within certain limits) fix their own tax rate and spend the money wisely or foolishly as they please, and so long as this is true home rule exists.
2. Another objection often raised is that tax collection requires the "personal touch" of some one known in the community, that people will not freely and readily pay their money to a stranger situated away off at the county court house. The answer, of course, is that tax collection should not, and in a great majority of cases does not, require any "personal touch." The tax is levied by authority and if the law is enforced such tax may be collected by legal process much easier than any other claim against a citizen.
3. It is claimed by many opponents of the county collector idea that to put the collection of all taxes levied in the county into the hands of one man would result in building up a powerful political machine which would crush the little subdivisions of the county at every opportunity. To a certain extent this could happen but it is not at all likely that it would. In the first place, the county tax collector cannot appoint any deputy, clerk, or assistant without the consent of the county commissioners and, in the second place, the salary of such deputy or assistant is fixed by a salary board or by the commissioners, and not by the county tax collector.
4. It was further objected that the collection of all local taxes by a single county collector would subject the taxpayer, especially the rural taxpayer, to the serious inconvenience of making a trip all the way to the county seat to pay his taxes. Such an objection

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[15] For additional objections and answers thereto see *The Pennsylvania Bulletin*, Pennsylvania League of Women Voters, March, 1927, p. 11.

fifty years, or even twenty-five years ago, might have been a valid one, but under present conditions, with hard-surfaced roads, rural free delivery of mail, local banks, etc., ever at the service of the taxpayers of every community, the objection falls flat. Under the proposed law, payment may be made by mail and, in addition, the law provides means whereby a deputy may visit any particular section of a county where his services might be needed.

5. The objection was also raised that the proposed law would result in the concentration of all public funds in the office of the county treasurer. This, of course, was expressly guarded against by requiring the collector to turn over to the local authorities once a month all moneys collected.

It is doubtful if the Schantz bill failed to be seriously considered because of any of the objections just presented. On the other hand, the claim is made that the bill was defeated because of a powerful and well organized lobby amply financed by the rich fees paid to tax collectors.

As a matter of fact, both sides were well organized and if there was a lobby fighting against the bill there was also a lobby figthing for the bill. Both sides were trying to influence the Legislature and so far as the writer can see there was only one essential difference between the two lobbies. One had the interest of the tax collector at heart, the other the interest of the taxpayer.

The tax collectors were fighting for their jobs and the political power connected therewith, while the Pennsylvania Tax Commission, The Pennsylvania League of Women Voters, and the Pennsylvania State Chamber of Commerce were fighting for the interest of the taxpayers generally in the hope that taxes might be collected in a manner more convenient to the property owner, and at a lower cost.

The Schantz bill of 1927, like its predecessors, failed of passage, not so much because of the lobby opposing it as because the people—the local taxpayers—did not realize that a fight was being made to rid them of a cumbersome and costly method of collecting local revenue. The present system is so closely tied up with local politics that only a fight made directly by the taxpayer in each community could possibly influence enough votes in the Legislature to bring about the desired change.

THE SALARY SURVEY COMMISSION.

The failure of the General Assembly of 1927 to pass the Schantz bill did not mean that it was impotent to act. Like the Legislatures of 1919, 1923, and 1925 it created a commission, this one to be known as the "Salary Survey Commission"[16] This Commission was authorized:

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[16] Act of May 6, 1927, P. L. 850.

> "to study, make a survey of, and report upon, the question of the salaries and wages paid to and received by State, county, township, and municipal officers and employes, legislative, executive and judicial and all other employes receiving compensation from such respective sources and municipalities, the manner and methods and times of payment, and of increasing or decreasing the amounts thereof, the comparative amounts paid in different localities and divisions," etc.

On January 30, 1929, the Salary Survey Commission made its report and recommendations to the General Assembly. In referring to the problem of the tax collector the commissioners said:[17]

> "The Commission has also considered the question of the compensation of local tax collectors, who are now paid on a fee basis. The testimony clearly indicates that in many cases the fees received are altogether out of proportion to the work performed by the tax collector. It should be pointed out, however, that the high cost of tax collection in Pennsylvania is caused mainly by the multiplicity of tax collectors, several counties having 75 or more, while only a few of the smaller ones have as few as 25.
>
> "This is a situation which evidently calls for legislative remedy, but it would entail revision of the whole system of local tax collection and this is outside the scope of our authority. We therefore merely call attention to the report of the Tax Law Revision Commission made to the Legislature in 1921 and to the reports of the Pennsylvania Tax Commission made in 1925 and 1927. Attention should also be directed to Senate Bill 178 (1927)[18] sponsored by the Pennsylvania Tax Commission, this bill having for its object the reduction of tax collection costs through the abolition of the fee system and the consolidation of collection machinery in the office of the county treasurer."

The Salary Survey Commission apparently did not care to examine into a situation which it admitted needed correction, but was content to lend its approval to recommendations made by previous commissions and which it knew the Legislature had already, after ample opportunity, failed to consider seriously.

No Attempt Made in 1929 and 1931 to Change Tax Collection System for Whole State.

After being defeated in four consecutive sessions of the Legislature the proponents of a modern tax collection system refrained from pushing the figth at the 1929 session of the Legislature, and the friends of the administration in power did not attempt to put through any tax collection reform although it was the last chance to carry out the solemn campaign pledge of Governor Fisher to "reduce and systematize the cost of tax collection." The only constructive thing accomplished in 1929, so far as tax collection legislation is concerned, was the passage of the law which consolidated the collection of all local taxes in the City of Scranton, and conditions there were such that the Legislature was compelled to take some action.

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[17] *Report of the Salary Survey Commission to the Pennsylvania General Assembly*, 1929, p. 14.

[18] Refers to Schantz bill of 1927.

No serious effort either was made at the 1931 session of the Legislature to abolish local tax collectors throughout the State, but several bills were introduced which in one way or another affected the collection of taxes in cities of the third class. As was previously pointed out, these bills all failed to be enacted into laws.[19] A few bills referring to the payment of certain kinds of taxes on the installment plan and the allowing of discounts in certain cases at the discretion of the taxing authorities, were passed but were later vetoed by Governor Pinchot on the theory that such changes should be made to apply to all counties of the same class throughout the State, or not at all.[20]

That the Tax Collectors' Association was again ready at the 1931 session of the Legislature to protect the interests of the army of tax collectors and their assistants is indicated by the urgent demand for cooperation contained in a mimeographed letter sent by the Association in September, 1930, to certain tax collectors throughout the State. A copy of the letter is presented here.

S. J. TOPLEY, *President*
East McKeesport, Pa.

SEWARD DAVIS, *Treasurer*
City Treasurer's Office
Johnstown, Pa.

PENNSYLVANIA TAX COLLECTORS' ASSOCIATION
Sugar Notch, Pa.

JOHN A. RILEY, *Secretary*
219 Freed Street
Sugar Notch, Pa.

September 13, 1930.

Dear Tax Collector—

This is a large State and it is almost impossible to visit every tax collector. We held meetings in several Counties but the attendance was small at many of the meetings.

The next session of the Legislature will convene on the first Monday of January, 1931. We had hard fights in the past to beat the organizations opposed to the tax collector but I predict now that we will have out greatest fight in the coming session of the Legislature. You would be surprised at the organizations being formed to change the system of collecting taxes. We will hold a meeting at Harrisburg about the middle of November.

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[19] See Chapter VI, pages 408-410.

[20] See following veto messages:—June 22, 1931, on *Senate Bill* No. 540; June 22, 1931, on *Senate Bill* No. 543; June 25, 1931, on *Senate Bill* No. 566.

Will you attend a meeting when we send a call out or better yet could you get your collectors together now and form a County organization and elect a delegate or two to represent you at a meeting when it is called. We must fight to hold our jobs and we must also fight for some laws we have now, repeal other laws and fight for new ones. This is important, let me hear from you.

I am taking the liberty of enclosing a book of tickets. This will be chanced off on September 29 instead of October 1st. I have been named Chairman of this affair and would like to put it over and hope you can assist me by selling or taking the book. The winner can have the cash instead of the trip if desired.

Sincerely yours,

John A. Riley.

CENTRALIZED TAX COLLECTION IN OTHER STATES.

In attempting to establish a centralized system for the collection of local taxes Pennsylvania sought to follow the example of many other states. There is nothing new or complicated in the proposal to consolidate the collection of all local revenue in the hands of some one officer in each county rather than in the hands of an officer in each political subdivision of the county. Many states have had such a system since their Colonial days and others have given up a decentralized system, like the one now in use in Pennsylvania, within the last twenty-five years.

When in 1926 the Pennsylvania State Chamber of Commerce undertook to interest itself in the fight on behalf of the principle of centralization of assessments and collections of local taxes, it caused its Taxation Committee to ascertain to what extent the principle of centralization had been adopted in other states. The findings of the Committee on this point were embodied in the material prepared and sent to each member of the State Chamber of Commerce, along with Ballot Referendum No. 10 referred to previously, and which shows the following facts as to tax collection in other states:[21]

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[21] *Ballot Referendum No. 10 On the More Equitable Assessment of Property for Local Taxation and More Economical and Convenient Collection of Local Taxes,* p. 22. Prepared by the Pennsylvania State Chamber of Commerce, 1927.

See also what Professor Marion K. McKay of the University of Pittsburgh and member of the Pennsylvania Tax Commission said about the economy and convenience of centralized collection in an address entitled, "A Survey of the Tax Situation," delivered November 15, 1926, in Philadelphia. *Proceedings of Nineteenth National Conference of the National Tax Association,* 1926, pp. 39-41.

See too, pp. 16, 17, 32, and 33 of *County Administration* (in Delaware) by Chester C. Maxey, 1919.

"LOCAL TAX COLLECTION IN OTHER STATES.

"In twenty-two States all local taxes are now collected through one county officer. These States are:

Arkansas
Colorado
Delaware
District of Columbia
Florida
Idaho
Iowa
Kansas
Louisiana
Minnesota
Nebraska
Nevada
New Mexico
North Carolina
Wyoming
North Dakota
Ohio
Oklahoma
Oregon
South Carolina
Texas
Utah

"The county treasurer is the collector of all local taxes in fourteen of the above States; the sheriff in four; a county collector in the remaining four.

"In fifteen other States a single officer collects all local property taxes in the county, except in cities, the latter having their own collector. These States are:

Alabama
Arizona
California
Georgia
Indiana
Kentucky
Maryland
Mississippi
Missouri
Montana
South Dakota
Tennessee
Virginia
Washington
West Virginia

"The county treasurer is the collector of all local non-municipal taxes in seven of the above States; the sheriff in three."

SUMMARY.

Two things have been definitely shown in this chapter. First, in at least 22 states all local taxes are collected by one tax collector in each county and in 15 additional states all local taxes levied in political subdivisions, other than cities, are received by one central collector. Second, the Pennsylvania Legislature has failed, during the last ten years to establish a simplified and centralized system of collecting local taxes although several official commissions have so recommended and numerous bills have been introduced in the General Assembly which would have accomplished, in part at least, such purpose.

Lack of interest on the part of the taxpayer and a close tie-up between the tax collector and local politics can be offered as the chief reasons why a modern tax collection law has not been passed.

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CONCLUSIONS AND RECOMMENDATIONS

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CHAPTER VIII

CONCLUSIONS AND RECOMMENDATIONS

The purpose of this study, as stated in the introduction, is to describe the present system under which local taxes are collected and disclose somewhat in detail the actual way in which the system operates. The position has been taken throughout that any method for collecting revenue, in order to justify itself, should operate in a convenient, efficient, and economical manner. These three tests have been applied to the system now in use in Pennsylvania and it is believed that from the facts shown certain conclusions may be safely drawn and specific recommendations properly made.

CONCLUSIONS.

In the light of the data presented it is impossible for the writer to arrive at any other conclusion than that local taxes are not now collected in a convenient, efficient, and economical manner. There are a few exceptions, of course, but taking the State as a whole the present archaic system is clumsy, complicated, and diverse;[1] the percentage of delinquent taxes increases each year;[2] and the total cost involved is from five to six times greater than it should be.[3]

In one place taxes may be collected with little inconvenience or annoyance to the taxpayer but the cost may be excessive, in another place the cost may be fairly low but the taxes not collected when needed; but there are few places where all three requisites of a successful system are combined. The nearest approach to such a system is found in the ten counties where all taxes levied for county purposes are collected through the office of the county treasurer.[4]

The reasons why taxes are not collected in a manner most convenient to the taxpayer vary in the different types of municipalities concerned. For instance, in the cities of Philadelphia and Pittsburgh the taxpayer is put to the trouble and expense of securing his tax bill, although he may pay the money in installments, something he cannot do in the third class cities where his bill is delivered to him. In Philadelphia he may pay all taxes at one place and at one time

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[1] See Chapter II, *supra*, pp. 21-28; Chapter III, *supra*, pp. 68-71; 83-99; Chapter V, *supra*, pp. 161-166; 182-207.

[2] See Chapter IV, *supra*, pp. 121, 130, 140; also Tables 10, 12, 16, and 19 on pp. 122, 126, 142, and 148 respectively.

[3] See Chapter VI, *supra*, pp. 226-241; also Tables 24 and 25 on pp. 231 and 238 respectively.

[4] See Chapter II, *supra*, p. 24; Chapter VI, *supra*, pp. 257-260; also Table 28 on p. 258.

(except in a few cases) while in Pittsburgh and a majority of the third class cities he must pay taxes to at least two collectors, and maybe more, and at different times of the year.

In not any of the boroughs or townships is the taxable given by law the right to pay on the installment plan and in 40 per cent of the boroughs and 75 per cent of the townships he receives at least two different tax bills and, in many instances, must pay each one to a different collector.[5]

Taxes are not collected in an efficient manner due to several reasons:

> First, the average collector assumes a passive attitude and patiently waits for the taxpayer to settle his account.
>
> Second, there is a wide diversity in the methods used by the individual collectors because of the lack of any supervision by a central authority in each county.[6] Many of the local taxing districts do as they please in most matters concerning tax collection regardless of any rule prescribed by the Legislature.
>
> Third, the laws applicable to the collection of taxes are not uniform—are scattered throughout the statute books—and are so conflicting and complicated that many collectors cannot understand them.[7]
>
> Fourth, the present system of discounts and penalties not only lacks uniformity and, therefore, results in inequalities between the various types of municipalities, but it fails to accomplish its purpose of securing a substantial part of the taxes early in the tax year.[8]
>
> Fifth, many collectors are not qualified to collect taxes because they lack the courage to enforce the necessary laws. Some who do not offer their ignorance of the law as an excuse contend that the law is harsh, or that it cannot be enforced. In many instances the collector's laxity is due to his desire to be reelected and to be reelected he must avoid the reputation of being hard-boiled.
>
> Sixth, in the collection of delinquent taxes not only the tax collector but other officials such as the tax levying authorities, county commissioners, and sometimes the county treasurer, who must cooperate in the enforcement of the various remedies either refuse or neglect to do so.[9]
>
> Seventh, many collectors fail or refuse to make the required

---

[5] See Chapter III, *supra*, pp. 68-71.

[6] See Chapter II, *supra*, pp. 39-42; Chapter III, *supra*, pp. 88-94; 99-101; Chapter V, *supra*, pp. 182-207; Chapter VI, *supra*, pp. 220-229.

[7] See Chapter II, *supra*, pp. 29-42; Chapter III, *supra*, pp. 62-81; Chapter V, *supra*, pp. 161-164; 182-207; Chapter VI, *supra*, pp. 220-228.

[8] See Chapter III, *supra*, pp. 81-105; see also Tables, 5, 6, 7 and 8 on pp. 84, 96, 98, and 102 respectively.

[9] See Chapter V, *supra*, pp. 174-207.

monthly reports, final settlements, etc., when and as required by law.[10]

The cost of collecting local taxes is unnecessarily high because of the following reasons:

First, nearly all the collectors are paid on a fee or commission basis and there is no reasonable relation between the fee allowed and the amount of taxes collected. For the collection of delinquent taxes the commissions paid in some third class cities total 20 per cent of the amount of taxes received, and in these cases the special collectors are paid from the taxes collected and not by the delinquent taxpayer.[11]

Second, each of the twenty-five hundred or more political subdivisions of the State has one tax collector's office to maintain and the taxpayers in a majority of the third class cities are actually supporting two such offices and some can boast of three.[12]

Third, postage and stationery supplies are costly in many places even where there is only one tax collector because of the fact that two, three, and sometimes even four tax bills are sent to each taxpayer.[13] In some of these cases duplicate bills are sent later if the taxes become delinquent.

Fourth, costs are further increased by requiring bonds far in excess of the actual risk involved by the taxing district.[14]

Fifth, the fact that collectors are frequently compelled to employ unnecessary assistants and clerks in order to satisfy the demands of the local political organization accounts in part for the high cost connected with the collection of taxes.[15]

RECOMMENDATIONS.

In making certain suggestions or recommendations in regard to the kind of a system needed in Pennsylvania for the proper collection of local revenue, the writer is thinking of a system which is to operate successfully in normal times and is conscious of the fact that exceptions must be made and different methods used in order to collect taxes during a period of economic depression.

As a result of the facts found in this study it is suggested that the State of Pennsylvania abolish its present system of collecting local taxes and substitute in its place a modern plan based along the following lines:

---

[10] See Chapter II, *supra*, pp. 39-42.

[11] See Chapter VI, *supra*, pp. 220-229; 237-260; see also Tables 24 to 30 inclusive on pp. 231-266.

[12] See Chapter II, *supra*, pp. 19-28.

[13] See Chapter III, *supra*, pp. 62-71.

[14] See Chapter II, *supra*, pp. 29-37.

[15] See Chapter VI, *supra*, pp. 243-257; 260-269.

NUMBER OF TAX COLLECTORS.

As soon as possible there should be established a centralized system for the collection of all local taxes in the State. The principle of centralization has been adopted in a majority of the states and several commissions authorized by the Pennsylvania Legislature to study the problem have recommended some such course of action on the part of Pennsylvania.[16]

While there is a reasonable difference of opinion as to what degree of centralization is desirable, the writer is inclined to take the view that there should not be more than one main independent tax office in each county of the State. Through this one office all taxes levied for local purposes, whether in cities, boroughs, or townships, would be collected, but deputy collectors might be sent to different sections of the county at different times of the year as an added convenience to taxpayers living outside of the county seat. A less centralized system would be one where all local taxes levied in all taxing districts exclusive of those located in cities would be collected by the county collector, while each city would have one collector for all taxes levied within the city.[17]

WHO SHOULD BE TAX COLLECTOR.

There are very few special qualifications demanded of a good tax collector. He should be honest, diligent, possess a knowledge of accounting, and be free from political obligations or connections. If possible he should be appointed rather than elected and should hold office so long, and so long only, as he faithfully and efficiently performs the duties of such office.

---

[16] See Chapter VII, *supra*, pp. 273-276; 278-279; 283-284.

[17] In view of the fact that nearly every attempt made in the last ten years to bring about an improvement in the present system has been defeated by the tax collectors and local politicians, it is doubtful if the present highly decentralized system can be abolished at once, and it is likely that any improvements obtained will come about through piecemeal legislation.

Until the proper system can be established through a complete revision of the law there are certain steps that should be taken to improve the present system.

First, the separate collection of poor taxes in the five independent poor districts of the City of Philadelphia should be abolished and if there is any longer any need for such districts the poor taxes levied therein should be collected at the same time and in the same manner as city and school taxes are collected throughout the city. See Chapter VI, *supra*, pp. 241-243.

Second, all taxes in the City of Pittsburgh should be collected at one office. There is no good reason why two distinct tax offices separated by only the width of a street should be supported by the people of Pittsburgh.

Third, in every third class city there should be but one central tax office with one collector whose duty it is to collect all local taxes payable within such city. This would completely abolish the ward system of collecting county taxes and do away with separate collectors of school taxes.

Fourth, there should be but one collector of taxes in each borough or township and he should be responsible for the collection of all taxes paid within such municipality.

Fifth, all local and special laws concerning the collection of taxes levied for local purposes should be repealed with the exception of those laws which permit the collection of county taxes through the office of the county treasurer.

In some states all local taxes are collected by the county treasurer, in others by the sheriff, and in a few by a separate county officer known as the county tax collector. It is suggested that in Pennsylvania the county treasurer be designated the tax collector (except in Philadelphia County) rather than the sheriff, and if there be a separate collector for each city in the state the city treasurer should be that collector.

These recommendations are made for the sake of economy since if a new city or county office were to be created additional office space would be required and many of the city and county office buildings now in use are crowded and lacking in sufficient space for record cabinets, shelves, etc. Furthermore, much of the equipment now in use in the offices of the city and county treasurers could be well adapted to the work of collecting taxes.

Compensation of Tax Collector and His Assistants.

Whether the city or county treasurer is designated tax collector, or a separate officer chosen for the work, his compensation in all cases should be fixed on a salary basis. In determining the salary paid the Legislature should do no more than designate the minimum and maximum amounts permissible within the cities or counties as classified on a basis of population, and let the exact salary in each case be determined by a city or county salary board.

In deciding the sum to be paid to any particular collector such board would consider the number of tax accounts to be handled, the total amount of taxes to be collected, and any other local conditions which might have a direct bearing on the amount of time and work necessary to collect the taxes in question. To base the collector's salary solely on the population of the city or county, as has been proposed by some members of the Legislature, is neither fair to the collector nor the taxpayer.

The compensation of all clerks and assistants engaged in the work of collecting taxes should also be on a salary basis and the number of such assistants and the amount of compensation allowed should be fixed, not by the collector, but by a salary board on the recommendation of the collector.

Separate or special delinquent tax collectors should not be provided for except in the cities of Philadelphia and Pittsburgh. In these cities the number of delinquent taxpayers and the nature of the work performed by the collectors might well justify a fee or commission in addition to a regular salary on taxes collected over and above a fixed amount to be determined each year by the local authorities.

In any and all events all extra charges growing out of collecting delinquent taxes should be paid directly by the delinquent and should not be taken out of the taxes collected.

EXPENSES OTHER THAN SALARIES.

All expenses connected with collecting taxes, such as office rent, light, heat, books, supplies and stationery, postage, advertising, premiums on bonds, etc., should be paid by the taxing authorities and in no case should it be necessary for the tax collector to personally pay for any item of expense.

BOND REQUIREMENTS.

Every tax collector, whether he collects taxes levied in a city or county, should be bonded by a reputable surety company in an amount something near to 25 per cent of the total taxes listed on his combined duplicates. Private or personal bonds should not be accepted under any circumstances, and bonds in an amount equal to the total taxes to be collected should never be required. Every care should be taken to see that a bond is carefully drawn and consequently valid in case the collector defaults.

TAX BILLS.

Every taxpayer, whether he lives in a city, borough, or township, should receive without request or expense a written notice in the form of a consolidatd tax bill showing the amount of each tax due and the time, place, and method of payment. Philadelphia and Pittsburgh should also mail bills and follow the course pursued by other large cities in this respect.[18]

INSTALLMENT PAYMENT OF TAXES.

All local taxes for whatever purpose levied should be listed on one bill and should fall due at the same time and be payable in at least two equal installments at the option of the taxpayer. A few places provide for quarterly installments but a majority of the largest cities in the country have adopted the two payment plan as most desirable. The first installment should fall due on January 1 and the second on July 1.

Before all taxes could be listed on one bill it would be necessary to change the laws concerning the assèssment of taxes and also the school code in regard to the fiscal year in school districts of the second, third, and fourth classes.

The first change should be made in any event since there is absolutely no justification for two different assessments being made on the same property, and if all properties were assessed at the same time it would be possible in Pennsylvania, as it is in other states, to have the assessment rolls made out far enough in advance to enable the tax collector to receive taxes the first of the year.

---

[18] See Chapter III, *supra*, pp. 65-68.

After some temporary adjustments the school authorities could get along just as well with the school fiscal year starting January 1 as July 1. In many states the school year runs from January to January, and the same is true now for the first class school districts located in Philadelphia and Pittsburgh.

PAYMENT BY MAIL, ETC.

Payment by mail, money order, and certified check should be encouraged as being convenient to both taxpayer and tax collector.

DISCOUNTS.

All discounts should be abolished. There is no valid reason why a taxpayer should be given a bonus for the prompt payment of an amount legally due the local taxing district. Many of the states do not allow discounts and a majority of the large cities have done away with them altogether. Unless a high discount rate is allowed which covers an unreasonable period of time the discount fails to stimulate early payment of the tax.[19]

PENALTIES.

A taxpayer should have from 30 to 60 days in which to pay his taxes without coercion or the imposition of a penalty of any kind. At the end of such time a penalty of at least 5 per cent should be added to the amount of taxes due and an additional penalty of 1 per cent should be collected for each additional month the taxes remain unpaid. Many states have higher penalties than those suggested here and usually have less trouble collecting their delinquent taxes.[20]

INTEREST ON MONEY ON DEPOSIT.

The city or county collector should be required to turn all money over to the proper authorities at least once a month and during the face periodos, i. e., January and February, July and August, every week or even daily if thought desirable.

All tax money while in the bank should draw interest at the best rate obtainable by competitive bidding and all such interest should accrue directly to the taxing district and not to the personal credit of any collector or official.

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[19] See Chapter III, *supra*, pp. 110, 113, and 114.

[20] See Chapter III, *supra*, pp. 110-111.

EXONERATIONS.

The law should be made uniform as to the reasons for allowing exonerations and more publicity should be given both before and after they are granted. Where possible it would be desirable to compel the person seeking the exoneration to ask for it directly instead of through the tax collector as at present.

COLLECTION OF DELINQUENT TAXES.

As soon as a tax becomes delinquent the taxpayer should be notified at once of that fact and if payment is not made within 30 days the name of the taxable should be published in the public press together with the amount of taxes due. The tax collector should be compelled by law to start the appropriate legal proceedings to collect delinquent taxes at least within six weeks after they become delinquent.

The collector should have the remedies now provided by law, such as the right to sell the personal property of the delinquent, place him or her in jail, attach wages, salaries, etc., collect rents, and sell real estate; but these various remedies should apply to the collection of all taxes of the same class regardless of the purpose for which levied.

There should exist but one law for the sale of real estate and its enforcement should be mandatory on the county authorities. The sale should take place as soon as the tax has been delinquent one year and the delinquent given not more than one year from the date of sale in which to redeem his property. Ordinarily, if a taxpayer cannot pay his taxes within such time, or secure the money with which to do so, the State owes him no further consideration in the matter.

The delinquent, however, in any event should not have to pay any more for his delinquency than is necessary for the State to spend in order to collect the taxes, but in every case he should personally pay such expenses in full.

AUDIT OF TAX COLLECTOR'S BOOKS.

The laws concerning the keeping of accurate records and making regular reports should be strictly enforced and in addition the books of each collector should be audited at least once a year by impartial and competent auditors and the facts made known at once as to their condition.[21] At the present time the law does not as a rule require such an audit and the result is that there are numerous cases brought to light in one way or another every year where collectors are found to be short in their accounts and frequently such shortage covers a period of many years.

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[21] See very interesting suggestion as to audit of tax collector's books by Francis Oakey, C. P. A., in article entitled, "Safeguarding the Collection of Taxes," *American City*, August, 1927.

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APPENDIX A

Classification of Counties in Pennsylvania, Census of 1920[1]

FIRST CLASS

Philadelphia

SECOND CLASS

Allegheny

THIRD CLASS

Lackawanna
Luzerne
Westmoreland

FOURTH CLASS

Berks
Cambria
Dauphin
Delaware
Erie
Fayette
Lancaster
Montgomery
Northampton
Schuylkill
Washington

FIFTH CLASS

Beaver
Blair
Chester
Clearfield
Lehigh
Northumberland
York

SIXTH CLASS

Armstrong
Bradford
Bucks
Butler
Carbon
Crawford
Cumberland
Franklin
Indiana
Jefferson
Lawrence
Lebanon
Lycoming
Mercer
Somerset
Venango

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[1] According to the figures contained in the official Census for 1930, the following changes must be made in the classification of counties in Pennsylvania.

(a) Delaware and Montgomery counties advance from the fourth to the third class.
(b) Lehigh and York counties advance from the fifth to the fourth class.
(c) McKean county advances from the seventh to the sixth class.
(d) Clearfield dropped from the fifth to the sixth class.
(e) Bradford dropped from the sixth to the seventh class.
(f) Potter dropped from the seventh to the eighth class.

SEVENTH CLASS

Adams
Bedford
Centre
Clarion
Clinton
Columbia
Elk
Greene
Huntingdon
McKean
Mifflin
Monroe
Perry
Potter
Susquehanna
Tioga
Warren
Wayne

EIGHTH CLASS

Cameron
Forest
Fulton
Juniata
Montour
Pike
Snyder
Sullivan
Union
Wyoming

APPENDIX B

Cities of the Third Class With Population Figures For 1930[1]

City	Population
Allentown	92,563
Altoona	82,054
Bethlehem	57,892
Bradford	19,306
Butler	23,568
Carbondale	20,061
Chester	59,164
Clairton	15,291
Coatesville	14,582
Connellsville	13,290
Corry	[2]
DuBois	11,595
Duquesne	21,396
Easton	34,468
Erie	115,967
Franklin	10,254
Greensburg	16,508
Harrisburg	80,339
Hazleton	36,765
Johnstown	66,993
Lancaster	59,949
Lebanon	25,561
Lock Haven	[2]
McKeesport	54,632

Meadville	16,698
Monessen	20,268
Monongahela	[2]
Nanticoke	26,043
New Castle	48,674
Oil City	22,075
Pittston	18,246
Pottsville	24,300
Reading	111,171
Sharon	25,908
Sunbury	15,626
Titusville	[2]
Uniontown	19,544
Washington	24,545
Wilkes-Barre	86,626
Williamsport	45,729
York	55,254

---

[1] Beaver Falls and College Hill Borough were consolidated in 1930 to make a new third class city—Beaver Falls—with a population of 17,147.

[2] Less than 10,000 population in 1930.

APPENDIX C.

Form For Collector's Warrant

To ....Collector of school tax in

......................school district ....

.............................county, Pennsylvania.

These are to Authorize and Require you, To demand and receive of and from every person named in the annexed duplicate of School Tax of said District, the sum wherewith such person stands charged, and pay the same to ....Treasurer of said School District, or his successor in office, on or before the first day of June, 193...., at which time abatement or allowance for mistakes or indigent persons, or unseated lands, will be made by the Board of school directors for the amount not collected as may appear just and reasonable. You will report in writing at the end of each month to the secretary of the school board the amount of taxes collected during the month with the name of the taxables from which the same was collected and, at the same time exhibit to him a receipt from the treasurer of the school district for the amount collected during the month. "You will give all tax-payers the notices required by law and if any person shall neglect or refuse to make payment of the amount due by him, it shall be the duty of you, the Collector aforesaid, to levy such amount by distress and such sale by written or printed advertisements, and returning the overplus (if any there be), to the owner. And in case goods and chattels sufficient to satisfy the same, with the costs, cannot be found, you are hereby authorized to take the body of such delinquent, and convey him to the jail of the proper county, there to remain until the amount of such tax, together with the costs, shall be paid or secured to be paid, or until he shall be otherwise discharged by due course of law": Provided, That nothing herein contained shall authorize the arrest, or imprisonment for non-payment of any tax, of any infant, or person found by inquest to be of unsound mind. Hereof fail not.

Given under my Hand and Seal, at........................., the

.... day of ....A. D. 193....

(SEAL)
President Board School Directors, of.................District.

COUNTERSIGNED:

....
Secretary of the Board.

APPENDIX D.

QUESTIONNAIRE SENT TO EVERY TAX COLLECTOR IN THE STATE OF PENNSYLVANIA.

Commonwealth of Pennsylvania
Department of Internal Affairs
Bureau of Statistics
Harrisburg, Pennsylvania

. . . .

Township Tax Questionnaire
Year—1928

Township of ....
County of ....

Please fill out and MAIL AT ONCE to clerk of the county commissioners of your county

1. Assessed valuation:
   (a) Real Estate ..... $......
   (b) Occupations ..... $......
   (c) Total valuation .. $......

2. Taxes levied:
   (a) Real Estate ..... $......
   (b) Occupations ..... $......
   (c) Total taxes levied $......

3. Per cent of true value ....

4. Tax rate (mills): General,.... ; Debt,.... ; Other,.... ;Total....
5. Taxes collected during rebate period ....$......
6. Taxes collected at face .... $......
7. Delinquent 1928 taxes collected during year .... $......
8. Taxes of prior years collected during year .... $......
9. Total taxes collected during 1928 .... $......
10. Discounts and rebates allowed during year .... $......
11. Unpaid 1928 taxes outstanding, December 31, 1928 .... $......
12. Exonerations and refunded taxes on 1928 duplicate .... $......
13. Penalties imposed on 1928 duplicate .... $......
14. Commissions paid tax collector to penalty period ...... $......
15. Commissions paid tax collector for delinquent taxes .... $......
16. Total commissions .... $......
17. Bonded debt (less amount in sinking fund), Dec. 31, 1928 $......

I certify that the above is true and correct to the best of my knowledge and belief.

Signed ....

Title ....

NOTE: This questionnaire is for TOWNSHIP statistics only; do not include any county, school, poor or other tax rates or taxes herein.

APPENDIX E.

QUESTIONNAIRE SENT TO FIFTEEN HUNDRED TAX COLLECTORS IN PENNSYLVANIA.

How many years have you served as collector of taxes? ....

Please underscore which of the following taxes you collet: Borough tax, Township tax, County tax, School tax, Poor tax.

Please underscore any tax which you are paid a salary or fixed sum, instead of a fee for collecting: Borough, Township, School, County, Poor.

On what day do you usually receive the tax duplicate with warrants for collection? .... On what day are taxes first payable? ....

Are all taxes listed on one bill?........ If not on how many?........

Are bills mailed to the taxpayer? .... Are taxes payable in installments? ....

Approximately, what per cent of the total taxes collected are paid; first, by the taxpayer at the tax office? ...... second, by check, money order, or otherwise by mail? ...... third, by the collector or his deputy calling on the taxpayer? ......

Approximately, what percentage of the total number of taxpayers pay their taxes at the tax office? ....

At how many places may taxes be paid to either yourself or your deputy? ....

How many banks receive payment of taxes in your borough or township? ....

When do you turn the taxes collected over to the proper authority? ..

For what sum are you bonded? .... What is the premium on the bond or bonds per term of four years? .... Who pays the premiums? ....

Approximately, in how many cases are taxes exonerated in one year? ..

What are the principal reasons for allowing exonerations? ....
....
....

What rate of discount or rebate is allowed for the prompt payment of taxes and how long does such discount or rebate period last?

	Discount	*Length of Period*
Borough tax.	....	....
Township tax.	....	....
County tax.	....	....
Poor tax.	....	....

Approximately, what percentage of the total taxes collected are paid during the discount or rebate period? ....

Approximately, what percentage of the taxpayers pay their taxes during the discount or rebate period? ....

When does the penalty period start and what is the rate of penalty added?

	Penalty rate	Date Penalty Period Starts
Borough tax.	....	....
Township tax.	....	....
School tax.	....	....
County tax.	....	....
Poor tax.	....	....

Approximately, what percentage of taxpayers pay their tax during the face period, that is, between the discount and penalty period? ....

Approximately, what percentage of the total tax collected is paid during the face period? ....

If discounts were discontinued, would you favor a ten per cent penalty added to the tax at the end of a sixty day face period? ....

Aproximately, in how many cases has personal property been sold in order to obtain payment of delinquent taxes in any recent year?......

Approximately, in how many cases has a taxpayer been arrested in order to obtain payment of delinquent taxes in any recent years? ....

How many pieces of real estate have been advertised for sale for non-payment of taxes in the following years: How many pieces have actually been sold? ....

	Number advertised	Number sold
1925	....	....
1926	....	....
1927	....	....
1928	....	....
1929	....	....

What was the total amount of taxes due on the property sold in 1925?..
1926........... 1927........... 1928........... 1929...........

Approximately, in what percentage of the cases did the real estate sold consist of unused property, vacant lots, etc.? ....

Please give what you think are the chief causes for taxes remaining unpaid at the end of the tax year? ....
....
....
....

How many individual taxpayers live in your borough or township? ...

How many clerks or assistants do you employ: Full time ....
Part time ....

Approximately, what does your clerical help, premiums on bonds, postage, advertising, and supplies cost you a year? ....

Please underscore which of the following taxing units, to your knowledge, receive interest on taxes while on deposit in the bank: Borough, township, county, school district, poor district.

Please make any suggestions or criticisms which you think would tend to improve local tax collections in Pennsylvania. ....
....
....
....
....
....
....

APPENDIX F.

STATEMENT OF DELINQUENT SCHOOL TAXES FOR THE CITY OF PITTSBURGH, 1928[1]

Year	Balance Jan. 1, 1928	Amount Collected Jan. 1, 1928 to Dec. 31, 1928	Amount Exonerated Jan. 1, 1928 to Dec. 31, 1928	Balance Uncollected Dec. 31, 1928
1888	$ 339.74			$ 339.74
1889	257.63			257.63
1890	302.88			302.88
1891	254.26			254.26
1892	86.44			86.44
1893	347.11			347.11
1894	335.52			335.52
1895	1,043.01			1,043.01
1896	517.23			517.23
1897	528.90			528.90
1898	724.35			724.35
1899	825.14	13.09		812.05
1900	794.06	15.93		778.13
1901	773.37			773.37
1902	918.59	15.93		902.66
1903	1,205.66			1,205.66
1904	1,572.80			1,572.80
1905	2,428.06			2,428.06
1906	2,992.80			2,992.80
1907	3,762.48	4.74		3,757.74
1908	3,918.46	13.80		3,904.66
1909	6,500.57	32.32		6,468.25
1910	5,979.50	55.70		5,923.80
1911	5,478.83	119.70		5,359.13
Total prior to 1912	41,887.39	271.21		41,616.18
1912	7.693.59	268.65	7.15	7,417.79
1913	6,544.72	275.74	5.40	6,263.58
1914	6,031.86	209.76	5.40	5,816.70
1915	6,911.05	210.90	5.40	6,694.75
1916	6,971.81	564.31	16.08	6,391.42
1917	9,711.56	1,020.21	37.32	8,654.03
1918	10,421.44	563.03	5.33	9,853.08

APPENDIX F. (Concluded.)

STATEMENT OF DELINQUENT SCHOOL TAXES FOR THE CITY OF PITTSBURGH, 1928[1]

Year	Balance Jan. 1, 1928	Amount Collected Jan. 1, 1928 to Dec. 31, 1928	Amount Exonerated Jan. 1, 1928 to Dec. 31, 1928	Balance Uncollected Dec. 31, 1928
1919	10,902.80	546.08	6.63	10,350.09
1920	15,884.28	1,698.81	77.78	14,107.69
1921	27,286.36	3,394.71	140.59	23,751.06
1922	67,149.79	8,591,21	79.24	58,479.34
1923	94,549.19	13,372.84	301.91	80,874.44
1924	128,550.22	18,368.36	291.08	109,890.78
1925	198,063.58	42,886.92	549.62	154,627.04
1926	321,385.03	91,942.72	690.93	228,751.38
1927	819,198.37	429,115.75	5,135.95	384,946.67
1928	1,686,198.43	720,053.33	17,519.95	948,625.15
	$3,465,341.47	$1,333,354.54	$24,875.76	$2,107,111.17

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[1] Found on page 119 of the 1928 Annual Report of the Pittsburgh Board of Public Education.

APPENDIX G

STATEMENT SHOWING AMOUNT DUE DECEMBER 31, 1929 FROM DELINQUENT CITY TAXES IN CITY OF SCRANTON.

Year	*Amount*
1883	$ 463.55
1883	147.89
1885	732.54
1888	144.39
1889	55.08
1889	846.70
1889	222.66
1890	117.64
1895	832.91
1896	20.09
1896	46.82
1898	109.57
1899	122.11
1901	21.57

STATEMENT SHOWING AMOUNT DUE DECEMBER 31, 1929, ETC.—(Continued).

Year	*Amount*
1901	8.82
1902	2,373.12
1903	3,639.74
1904	11,298.55
1905	16,012.90
1907	1,758.54
1908	4,974.41
1909	17,917.57
1910	16,672.90
1911	23,921.97
1912	24,421.57
1913	35,247.76
1914	28,572.76
1915	18,636.31
1916	22,403.36
1917	25,370.10
1918	21,879.72
1919	11,997.66
1920	93,525.81
1921	97,901.38
1922	24,369.10
1923	26,815.84
1924	86,248.24
1925	160,672.78
1926	102,350.79
1927	92,118.92
1928	130,726.90
1929	251,392.82
	$1,357,113.86

The above amounts are subject to charges and to penalties and to sundry credits by exonerations, registered taxes, etc.

APPENDIX G (continued).

REGISTERED CITY TAXES IN THE HANDS OF THE CITY SOLICITOR FOR COLLECTION, JANUARY 1, 1929— CITY OF SCRANTON.

Year				
1877—	Registered	Tax	....	$ 7,294.80
1879—	”	”	....	2,837.26
1880—	”	”	....	2,515.22
1881—	”	”	....	1,508.43
1882—	”	”	....	855.45
1883—	”	”	....	1,991.64
1884—	”	”	....	580.02
1885—	”	”	....	195.89
1886—	”	”	....	592.86
1887—	”	”	....	490.34
1888—	”	”	....	290.02
1889—	”	”	....	20.59
1890—	”	”	....	97.74
1891—	”	”	....	192.52
1892—	”	”	....	300.39
1893—	”	”	....	82.70
1894—	”	”	....	570.03
1895—	”	”	....	623.89
1896—	”	”	....	478.53
1897—	”	”	....	496.81
1898—	”	”	....	866.58
1899—	”	”	....	1,277.78
1900—	”	”	....	1,652.41
1901—	”	”	....	1,166.08
1902—	”	”	....	2,985.89
1903—	”	”	....	3,486.92
1904—	”	”	....	1,306.72
1905—	”	”	....	563.01
1906—	”	”	....	744.20
1907—	”	”	....	3,774.18
1908—	”	”	....	17,252.41
1909—	”	”	....	23,799.18
1910—	”	”	....	24,522.41
1911—	”	”	....	6,955.96
1912—	”	”	....	9,004.42
1913—	”	”	....	1,853.12
1914—	”	”	....	7,199.26

Year					
1915—	”	”	....	15,850.70	
1916—	”	”	....	6,505.87	
1917—	”	”	....	7,774.25	
1918—	”	”	....	5,082.99	
1919—	”	”	....	4,406.53	
1920—	”	”	....	9,724.46	
1921—	”	”	....	11,614.62	
1922—	”	”	....	6,089.29	
1923—	”	”	....	10,980.18	
1924—	”	”	....	10,856.97	
1925—	”	”	....	11,911.12	
1926—	”	”	....	16,773.08	$247,995.72

APPENDIX G (concluded).

CREDITS.

1885—	Credit	by	Collections	....$	549.95
1889—	”	”	”	....	20.28
1890—	”	”	”	....	429.80
1891—	”	”	”	....	506.05
1892—	”	”	”	....	520.92
1893—	”	”	”	....	695.00
1894—	”	”	”	....	819.43
1895—	”	”	”	....	691.45
1896—	”	”	”	....	480.38
1897—	”	”	”	....	574.52
1898—	”	”	”	....	1,106.38
1899—	”	”	”	....	1,677.95
1900—	”	”	”	....	1,979.17
1901—	”	”	”	....	3,228.18
1902—	”	”	”	....	2,370.90
1903—	”	”	”	....	2,845.90
1904—	”	”	”	....	708.61
1905—	”	”	”	....	433.52
1906—	”	”	”	....	1,765.66
1907—	”	”	”	....	2,978.11
1908—	”	”	”	....	3,109.02
1909—	”	”	”	....	4,111.36
1910—	”	”	”	....	2,994.80

1911—	"	"	"	.... 5,870.87	
1912—	"	"	"	.... 7,451.69	
1913—	"	"	"	.... 1,280.26	
1914—	"	"	"	.... 6,162.84	
1915—	"	"	"	.... 14,119.55	
1916—	"	"	"	.... 5,621.48	
1917—	"	"	"	.... 7,349.43	
1918—	"	"	"	.... 4,953.07	
1919—	"	"	"	.... 3,951.32	
1920—	"	"	"	.... 6,062.06	
1921—	"	"	"	.... 8,489.82	
1922—	"	"	"	.... 5,011.17	
1923—	"	"	"	.... 6,791.36	
1924—	"	"	"	.... 8,444.53	
1925—	"	"	"	.... 6,471.50	$132,628.29
Balance					$115,367.43

APPENDIX H.

A COMPARISON OF THE AMOUNT OF CURRENT DELINQUENT TAXES WITH THE AMOUNT OF TAXES COLLECTED FOR PRIOR YEARS.

Data covers all taxes in each county for the years 1927 and 1928.*

Name of county	Year	Amount of current taxes delinquent at end of year	Amount of prior years taxes collected during year	Amount current delinquent taxes are in excess of collections for prior years
Adams	1927	$ 77,029	$ 61,889	$ 15,140
	1928	86,701	65,572	21,129
Allegheny	1927	5,534,725	3,421,852	2,112,873
	1928	6,737,114	4,195,212	2,541,902
Armstrong	1927	223,339	140,095	83,244
	1928	254,627	172,578	82,049
Beaver	1927	386,736	317,428	69,308
	1928	395,759	247,360	148,399
Bedford	1927	32,345	20,668	11,677
	1928	48,162	25,788	22,374
Berks	1927	583,931	196,755	387,176
	1928	653,275	258,358	394,917

APPENDIX H (Continued).

Name of county	Year	Amount of current taxes delinquent at end of year	Amount of prior years taxes collected during year	Amount current delinquent taxes are in excess of collections for prior years
Blair	1927	436,015	323,520	112,495
	1928	853,635	285,559	568,076
Bradford	1927	90,595	19,710	70,885
	1928	120,871	18,693	102,178
Bucks	1927	124,732	30,448	94,284
	1928	148,962	60,955	88,007
Butler	1927	202,103	181,264	20,839
	1928	244,709	187,291	57,418
Cambria	1927	726,753	396,384	330,369
	1928	781,286	587,586	193,700
Cameron	1927	18,262	4,669	13,593
	1928	14,557	8,773	5,784
Carbon	1927	92,292	88,648	3,644
	1928	131,516	65,134	66,382
Centre	1927	118,427	17,240	101,187
	1928	152,501	104,507	47,994
Chester	1927	221,503	92,420	129,083
	1928	272,929	161,083	111,846
Clarion	1927	65,226	57,257	7,969
	1928	101,082	68,638	32,444
Clearfield	1927	430,148	358,594	71,554
	1928	477,044	278,145	198,899
Clinton	1927	100,715	80,668	20,047
	1928	106,997	99,046	7,951
Columbia	1927	233,270	99,189	134,081
	1928	129,012	40,257	88,755
Crawford	1927	38,829	36,240	2,589
	1928	54,082	36,590	17,492
Cumberland ...	1927	137,427	107,285	30,142
	1928	134,831	95,764	39,067
Dauphin	1927	277,831	187,979	89,852
	1928	450,828	251,829	198,999
Delaware	1927	975,355	678,971	296,384
	1928	999,325	711,408	287,917

APPENDIX H (Continued).

Name of county	Year	Amount of current taxes delinquent at end of year	Amount of prior years taxes collected during year	Amount current delinquent taxes are in excess of collections for prior years
Elk	1927	52,417	35,854	16,563
	1928	54,629	30,642	23,987
Erie	1927	428,874	261,117	167,757
	1928	439,649	302,632	137,017
Fayette	1927	603,725	288,855	314,870
	1928	712,107	428,170	283,937
Forest	1927	22,725	16,065	6,660
	1928	30,031	20,340	9,691
Franklin	1927	152,961	128,605	24,356
	1928	191,293	127,346	63,947
Fulton	1927	7,444	1,875	5,569
	1928	8,401	3,568	4,833
Greene	1927	107,020	39,707	67,313
	1928	87,324	51,496	35,828
Huntingdon ..	1927	61,040	46,576	14,464
	1928	78,293	51,499	26,794
Indiana	1927	171,267	135,366	35,901
	1928	217,071	128,062	89,009
Jefferson	1927	141,591	79,785	61,806
	1928	158,136	114,584	43,552
Juniata	1927	31,415	21,034	10,381
	1928	32,620	17,853	14,767
Lackawanna ..	1927	2,400,180	1,340,696	1,059,484
	1928	3,799,698	1,825,522	1,974,176
Lancaster	1927	166,898	99,197	67,701
	1928	269,274	111,138	158,136
Lawrence	1927	159,403	110,828	48,575
	1928	247,149	94,510	152,639
Lebanon	1927	168,379	153,476	14,903
	1928	123,282	102,342	20,940
Lehigh	1927	159,780	55,090	104,690
	1928	111,032	97,276	13,756
Luzerne	1927	3,581,379	873,068	2,708,311
	1928	4,117,775	1,100,626	3,017,149

APPENDIX H (continued).

Name of county	Year	Amount of current taxes delinquent at end of year	Amount of prior years taxes collected during year	Amount current delinquent taxes are in excess of collections for prior years
Lycoming	1927	169,786	375,694	.....
	1928	140,694	176,508	.....
McKean	1927	134.145	120,577	13,568
	1928	254,189	111,119	143,070
Mercer	1927	404,785	256,717	148,068
	1928	389,374	265,910	123,464
Mifflin	1927	88,395	72,499	15,896
	1928	97,611	83,047	14,564
Monroe	1927	70,159	48,814	21,345
	1928	83,430	20,957	62,473
Montgomery ..	1927	593,640	343,471	250,169
	1928	689,421	289,314	400,107
Montour	1927	17,867	14,941	2,926
	1928	26,767	11,958	14,809
Northampton ..	1927	560,071	379,335	180,736
	1928	660,152	452,611	207,541
Northumberland.	1927	295,032	196,340	98,692
	1928	593,368	160,416	432,952
Perry	1927	39,938	34,287	5,651
	1928	35,140	29,418	5,722
Philadelphia ..	1927	6,034,538	4,444,760	1,589,778
	1928	8,657,799	6,174,036	2,483,763
Pike	1927	7,084	4,028	3,056
	1928	19,911	12,264	7,647
Potter	1927	70,123	60,838	9,285
	1928	77,535	48,136	29,399
Schuylkill	1927	676,908	271,024	405,884
	1928	778,140	326,195	451,945
Snyder	1927	25,218	17,491	7,727
	1928	50,376	26,564	23,812
Somerset	1927	130,356	102,386	27,970
	1928	134,$15	150,292	.....
Sullivan	1927	29,468	17,639	11,829
	1928	27,028	17,222	9,806

APPENDIX H (Concluded).

Name of county	Year	Amount of current taxes delinquent at end of year	Amount of prior years taxes collected during year	Amount current delinquent taxes are in excess of collections for prior years
Susquehanna . .	1927	91,748	29,166	62,582
	1928	58,864	31,115	27,749
Tioga	1927	152,109	75,202	76,907
	1928	120,476	84,415	36,061
Union	1927	41,179	21,577	19,602
	1928	37,501	26,176	11,325
Venango	1927	141,556	87,864	53,692
	1928	161,601	109,272	52,329
Warren	1927	84,656	72,864	11,792
	1928	88,266	65,592	22,674
Washington . . .	1927	304,068	155,701	148,367
	1928	372,191	235,700	136,491
Wayne	1927	78,482	42,730	35,752
	1928	63,598	39,534	24,064
Westmoreland .	1927	589,446	278,948	310,498
	1928	638,226	437,160	201,066
Wyoming	1927	12,593	7,990	4,603
	1928	4,337	5,756	. . . . .
York	1927	167,391	152,307	15,084
	1928	232,251	188,364	43,887
Total—all .	1927	30,554,827	18,291,555	12,263,272
counties . .	1928	$38,519,830	$22,212,783	$16,307,047

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*(Prepared from data obtained from Department of Internal Affairs, Harrisburg).

APPENDIX I.

‘‘SUGGESTED PROCEDURE OR CALENDAR FOR THE ASSESSMENT, LEVY, AND COLLECTION OF TAXES*

Assumed fiscal year from July 1, 1928 to June 30, 1929.

March 1, 1928. The day prescribed by law for commencing the assessment of real property. All property shall be assessed as of this date.

April 30, 1928. The assessment of property for the following fiscal year shall be completed.

May 1, 1928. The board of review or board of tax appeals shall meet from May 1 to May 14 to hear and adjust any complaints against the assessments as made by the assessing officer.

May 15, 1928. The budgets of all municipalities for the fiscal year shall be completed and the tax rate established.

June 20, 1928. The treasurer or tax collector shall start to mail tax statements to all property owners.

July 1, 1928. The first installment of year's taxes shall be due at par.

August 15, 1928. The first installment of year's taxes shall be delinquent and a penalty of five per cent added plus interest at the rate of one per cent per month or fraction thereof.

January 1, 1929. The second installment of year's taxes shall be due.

February 15, 1929. The second installment of year's taxes shall become delinquent with a penalty of five per cent to ten per cent and interest at one per cent per month or part thereof computed on the second installment. If the first installment remains unpaid also, the same penalty and interest will apply on the total unpaid taxes, including the penalty and interest accrued on the first installment.

April 1, 1929. Delinquent tax list shall be published in the same newspaper as the legal notices of the municipality's governing body.

May 1, 1929. Tax certificates shall be sold for all delinquent taxes for the current fiscal year. The cost of the certificate shall be the amount of taxes, accrued penalties, and interest.

May 1, 1930. The purchaser of the tax certificate for 1928 taxes may apply to the circuit,, chancery, or land court for foreclosure of the lien created by his tax certificate.

June 1, 1930. The court shall hear the petition for foreclosure and order the sale if no defense is offered.

July 1, 1930. The foreclosure sall shall be held and a tax deed issued by the clerk of the court which ordered the sale.

September 1, 1930. All right of redemption from tax sale shall be barred except for fraud, previous payment of taxes, or illegal assessment.

July 1, 1931. All right of redemption from tax sale shall be barred.

July 1, 1932. All tax certificates for the 1928 taxes which have not been foreclosed shall be set aside by order of the court which ordered the sale. Such information as is necessary shall be given the court by the tax collector or treasurer, and the public prosecutor or city attorney shall represent the owners of the lands whose properties are encumbered by tax liens not foreclosed."

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*Prepared by Carl H. Chatters, City Auditor, Flint, Michigan.

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